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NEWS SUMMARY

GENERAL

Revised pay deal ready for MPs

Details of revised proposal on MPs pay were being finalised last night by the Government with the hope that they would satisfy the MPs demands and avoid a serious loss of face for Ministers.

The motion will be published today and debated on Wednesday. Last night the signs were that if the Government did not spring any last-minute surprises, the proposals would probably get through.

While avoiding an embarrassing clash with its own backbenchers, the Government faced Labour criticism that it was one of the many U-turns which it would have to make. Page 10

FT man accused of 'snooping'

Pakistan has accused FT journalist Chris Sherwell of committing "acts prejudicial to the country's security" and said he could be prosecuted or expelled.

It said he had been "snooping and trespassing" in security areas with the aim of collecting information on Pakistan's nuclear research programme.

Sherwell, who is also BBC correspondent, was severely beaten last Friday as he approached the home of nuclear physicist Abdul Qadir Khan.

Madrid blast

Urban guerrillas claimed responsibility for an explosion in a new French bank in Madrid, resulting in extensive damage. There was a lull in the Basque bombing campaign in Spain's holiday resorts.

Lebanese hope

Lebanese Premier - designate Salim al Hoss completed talks with the country's leaders on forming a new Cabinet and hopes to be able to announce a government next week. Page 4

Namibia plea

South African President will be asked to proclaim a 200-mile economic zone in Namibia, and it is understood that the Government will agree to the request.

Mercy cruise

Two Italian Navy cruisers and a supply ship were on their way to the Far East to pick up about 1,000 Vietnamese refugees on the high seas. The UN is still considering whether to invite Russia to a 65-nation talk on the problem.

Extradition bid

A French court at Rennes has recommended the extradition of brothers John and Jason Richards to Britain. They are wanted in connection with the murder of a water board official in Surrey last April.

Borg in final

Bjorn Borg played brilliant tennis to defeat Jimmy Connors 6-2, 6-3, 6-2, in the Wimbledon men's semi-finals, bringing him close to his fourth consecutive championship win. He meets Roscoe Tanner, who beat Pat Dupre in the other semi-final. John Barrett, Page 8

Briefly . . .

First edition of the Communist Manifesto by Marx and Engels published in 1848 fetched Fr280,000 (£30,000) at a Paris sale.

Singer Gracie Fields, 81, is recovering in a Naples hospital after being ill with bronchitis in her Capri home.

Israeli Premier Menachem Begin has urged West Germany to step up efforts to bring Nazi criminals to justice.

Workmen at Tanfield Lea, Co. Durham, have found more than £300 in torn up money, including £5 and £10 notes, in the main sewer.

BUSINESS

Equities drift, Gold up $4¼

● EQUITIES drifted downwards from the start on concern about the competitive position of UK exporters because of the sharply rising pound. The FT ordinary index closed at the day's low of 467.7, for a loss of 6.2.

● Gilts showed losses of ⅜ in shorts, while longs were little changed and the Government Securities index closed 0.05 up at 73.48.

● STERLING rose 45 points to $2.2300 and its trade-weighted index rose to 71.2 (70.9). The dollar's index fell slightly to 84.5 (84.6).

● GOLD rose $4¼ in active trading in London to another record close of $287¼.

● WALL STREET was 1.19 up at 836.77 just before the close.

● EEC Commission has at last given approval to the bi-lateral nuclear safeguards agreement which the UK has negotiated with Australia for the supply of uranium. Britain expects to buy more than 1,000 tonnes of the fuel in the 1980s. Back Page

● BRITAIN'S shipbuilding industry Minister is to ask the EEC to streamline its procedure for allocating money from the shipbuilding intervention fund used to offer shipowners 30 per cent off the price of ships built in Britain—following complaints from shipyards that six month delays have cost precious orders. Back Page; Feature Page 18

● STONE-PLATT, the British textile machinery manufacturer is to establish a joint venture in South Korea to preserve its position in the rapidly growing market for textile machinery. Back and Page 6

● CBI has appealed to the Government not to cut back its £500m regional aid budget by more than 10 per cent because of the impact it would have on industrial development. Page 8

● OFFICE DEVELOPMENT permits are to end soon, the local government minister told the Commons. Page 28

● SCOTTISH AND NEWCASTLE pre-tax profits improved marginally after a first half down turn to £35.7m (£35.4m) on turnover £37m up at £436.9m. Page 20 and Lex

LABOUR

● COAL STRIKE in protest at pit closures seems inevitable unless the NCB reverses its decision about the closure of Deep Duffryn colliery in South Wales. Back Page. Meanwhile the board's borrowing limits are to be raised by £400m. Page 8

● POST OFFICE has agreed average 16 per cent pay rises to 126,000 members of the Post Office Engineers Union. Page 10

● MIDLAND BANK unions have decided to go ahead with a series of strikes at five of the bank's main computer centres from Monday in an attempt to raise the common pay offer made by all the five clearing banks to 200,000 staff. Back Page

Mortgage rate rise likely in spite of Government plea

BY MICHAEL CASSELL AND RICHARD EVANS

A rise next week in the mortgage rate, taking it to a record level of between 12¾ and 13 per cent, still looks likely after talks yesterday between the building societies and Government officials.

The societies, due to make a *decision about interest rates* next Friday, met officials yesterday from the Treasury, the Bank of England and the Department of the Environment, and were told that any early move would be unwelcome.

Representatives of the Building Societies Association heard that they could not expect even a token reduction in minimum lending rate—it remained unchanged yesterday—before they meet next Friday, and that societies should consider waiting another month before contemplating action.

Later in the day Mrs. Margaret Thatcher lent her weight to attempts to get the societies to delay a move which *Ministers believe would negate* most of the benefits of the Budget and which would prove politically damaging.

She told the Commons that the Government had ruled out direct intervention to prevent a rise in rates, but suggested that the societies could use their "very substantial reserves" rather than go ahead with a politically damaging increase.

Mrs. Thatcher rejected a suggestion from Mr. James Callaghan that the Government *should keep mortgage interest rates* down by advancing temporarily to the societies public money to maintain their liquidity.

But while Ministers remain adamant that there will be no direct intervention to prevent a mortgage rate increase, there seems no doubt that further pressure will be put on the building societies before they meet next week.

Ministers regard the attitude of the societies as a crucial test for the Government's economic policy. They believe that more time should be given to allow the tight monetary strategy to work, and that the societies have sufficient reserves to *demonstrate their faith.*

As for the societies, who left yesterday's meeting saying simply that there had been an exchange of views on interest rates, the general feeling is that higher rates are essential to stave off a serious fund shortage.

They were saying last night that even before the 2 per cent MLR increase announced in the Budget they faced extremely tough competition for funds, and that the gap between inflow and *mortgage advances* was widening.

They thought that even with an immediate reduction in MLR ruled out after yesterday's meeting, they would still require higher rates to bring them more back into line with the market.

With monthly net inflow down to around £100m a month, and monthly advances exceeding £700m, some action to restore the societies' competitiveness is regarded as a priority.

The societies will certainly not accept Mrs. Thatcher's suggestion that they have sufficient liquid funds to finance continued levels of lending, and to help avoid higher interest rates.

These, they claim, have already fallen substantially, and they cannot be continually run down in the hope of eventual interest rate reductions generally.

If societies do decide to go ahead with rate changes — their decision may well at the end of the day depend on the amount of Government pressure yet to be put on them — just how far the rate can go will be a major issue.

Parliament Page 10. ● Editorial comment Page 18. ● U.S. mortgage rates rise Page 4.

PROFIT-TAKING CUTS BIG JUMP IN RATE

Sharp pound rise checked

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE SHARP rise in sterling over the past fortnight ran out of momentum yesterday, as widespread profit-taking developed after a further big jump in the rate in the morning.

Sterling still ended up on the day against all major currencies, and there was no evidence of any significant Bank of England intervention in either direction.

The pound touched $2.2550 at one stage, for a rise of 11.3 cents since the beginning of last week.

Selling from mid-morning onwards, especially after the New York opening, cut the rate to a low of $2.2260 before a close of $2.23 for a rise of 45 points on the day.

There were also sharp fluctuations against the D-mark. The pound touched DM4.1150 in the morning, an appreciation of 3.6 per cent in the past fortnight, before closing only fractionally higher on the day at DM4.0875.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, rose by 0.3 points to 71.2 after a day's high of 71.4.

The dollar was generally weaker during the day, and the price of gold rose $4¼ an ounce to a new closing peak of $287¼. There were strains within the European Monetary System. This was partly reflected in another round of European interest rate increases in Sweden, the Netherlands and France.

This coincided with a warning by Dr. Hannes Androsch, Austrian Finance Minister, that a realignment of currency parities within EMS may have to take place very soon to take account of the strains on member countries' economies caused by *the latest round of* oil price rises.

Speaking in London yesterday Dr. Androsch said the system would be viable only if adjustments in currency rates were

carried out reasonably frequently. Even though Austria is not a member of EMS, it maintains close informal links.

The profit-taking in sterling also affected the gilt-edged markets where early rises of ⅝ of a point in long-dated stocks disappeared by the close.

The recent heavy sales of gilt-edged stocks led yesterday to the announcement by the Bank of England of a temporary reduction in special deposits of about £700m. These are the funds which have to be deposited by banks with the Bank of England. This does not represent any change in the Government's tight monetary stance.

The move is regarded by the Bank as a technical smoothing operation, made necessary by heavy purchases of gilt-edged stock by the public over the past week. This has reduced liquidity and put pressures on the reserve asset position of the banks.

The relaxation is only temporary, and is intended to ease the banks' position over the next make-up for banking statistics on July 18. By then, *more than £1bn will have had* to be put up for gilt-edged sales during the July banking month.

Other developments, Page 2
Money markets, Page 27
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Dividends raised to £303m by BP

BY JAMES BARTHOLOMEW

BRITISH PETROLEUM is to raise its gross annual dividends for this year from £139m to not less than £303m following the end of Government dividend control, it announced yesterday.

The company will also pay a special interim dividend of £47m, of which £42m is money set aside during the years of control. The remainder is to maintain the gross value of the 1978 dividends, following the reduction of the standard tax rate from 33 to 30 per cent in the Budget.

The payments had nothing to do with the further sale of Government-held BP shares announced in the Budget, the company said. The Government had not asked for a rise in payments and had not been a party to the decision, Mr. "Q." Morris, the group's financial co-ordinator, said.

Mr. Morris, who was closely involved in the sale of £564m worth of Government-owned BP shares in 1977, said he did not know when the Government would sell the further tranche of shares, or how many would be sold.

Shares of BP barely moved on the news, which came late in the afternoon. They finished at 1255p in after hours trading, up 19p on the day. This special dividend is worth 8.425p net per share, and the new minimum dividends for 1979 amount to 55p net per share.

Special

Shares of General Electric Company fell yesterday after news that the 1979 dividends would be 55 per cent higher than those of 1978. The stock market had been expecting a bigger increase.

GEC said the end of dividend restrictions gave rise to "a very special situation in which appropriate standards of yield and cover have not been established."

Two other major British groups, Shell Transport and Trading and Unilever, have dividend payments stored up in the years of control which they are now free to pay.

Unilever announced last week that deferred dividends of £79m net would be paid on August 1. The dividend backlog at Shell amounts to £107m net, or 54p per share, but no announcement has yet been made of how or when this payment will be made.

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GEC results, Page 20

Iran's manufacturing industries nationalised

BY ANDREW WHITLEY IN TEHRAN

IRAN yesterday announced the immediate nationalisation of virtually all the country's modern manufacturing industry. A wide range of joint ventures with foreign partners is likely to be affected.

Preliminary estimates of the total investment involved ran to more than £500m, though the troubled state of the domestic economy must have substantially reduced the net value of shareholdings.

The widely expected move follows the takeover of banking and insurance last month. It raises the pressing question of whether the new regime has the managerial and financial expertise to run the companies which range from the biggest vehicle manufacturer, Iran National, to sugar refineries and vegetable oil plants.

Combined with the wide holdings of Government agencies before the revolution and the seizure of the assets of the former royal family, the effect of the past month's nationalisation measures is to leave only a relatively small portion of Iran's economy in private hands. The main beneficiaries are the traditional bazaar community, who have always had close links with the clergy.

The announcement on the state radio yesterday said the business assets of 51 individual industrialists and families were being taken over. Most had fled the country before the revolution but there are notable exceptions.

Among those affected are many aristoractic names, includingthe Farman Farmains, Alama and Hedayat, as well as newer self-made millionaires such as the Khayyami brothers, Iravani and Ladjevardi, all closely associated with the former Shah and his relatives.

It seems from the list broadcast on the radio that the individuals concerned were the main target of the plan's architects. The radio said that on Ayatollah Khomeini's orders the balance of each company's assets, if any, after loans to the nationalised banks had been paid off, would be made over to the Mostazefin Foundation, a charity to help the poor and deprived.

No mention was made of compensation and as the announcement coincided with the Iranian week-end, no government officials were available for comment. The main industrial sectors taken over are vehicles, steel and other metals, mining, heavy engineering, downstream aspects of oil and petrochemicals, and large parts of the construction, building materials and consumer goods industries.

Foreign companies are affected primarily through their joint

Continued on Back Page

Skytrain curbs lifted

BY LYNTON McLAIN

SIR FREDDIE LAKER's no-reservation Skytrain has been given the go-ahead to compete as a full advance booking service with other world airlines.

The Civil Aviation Authority yesterday approved Laker Airways' applications to sell no-frills Skytrain tickets in advance and through agents. The original Skytrain concept of no frills and no reservations also remains in force.

The move comes a month after Sir Freddie told the authority that the los Angeles Skytrain was losing money. It carried 60,000 passengers in its first eight months and the restriction that it could sell only stand-by tickets had to be lifted if the service was to become viable, he said.

He wanted to be able to "compete freely on a broader front"

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RCA bids for finance house

BY STEWART FLEMING IN NEW YORK

RCA CORPORATION, whose interests range from Hertz car rental to a national network television, yesterday joined the ranks of large companies diversifying into financial services when it disclosed that it is having merger talks with CIT Financial, the leading U.S. independent finance business.

CIT shares soared $9 on Tuesday when the company confirmed that it was a takeover target. At yesterday's price of about $52 (£23), RCA would have to pay more than $1bn to gain control.

The chances of the two companies' *agreeing terms appear* good. RCA has made no secret of its desire to diversify widely.

It is the 3t0h largest industrial company on the Fortune 500 list, with sales last year of $6.6bn and net income of $278m.

It has just received $200m from the sale of its Alaskan Telephone subsidiary.

CIT made clear last Friday that it would not resist being taken over, provided the terms for shareholders are satisfactory.

In April, CIT sold National Bank of North America, its banking subsidiary, for $435m to the National Westminster Bank. That made it an attractive takeover target because of the cash it brought in and because it ended CIT's status as a bank holding company.

Legally, bank holding companies may not own or be controlled by non-banks. RCA's decision to select financial services as the chosen area for its long-awaited diversification programme reflects a growing awareness of the long-term prospect for the sector, which, although akin to banking is less strictly regulated.

Big U.S. corporations such as General Electric and General Motors have also been expanding their finance house subsidiaries.

CIT, as well as its commercial operations, controls more than 1,000 consumer loan offices in the U.S., and has an important insurance subsidiary and a manufacturing division.

The main obstacle to agreement between the companies is price. Two weeks ago, CIT stock was selling at about $35 a share, compared with a book value of $43 a share at the end of 1978. It is assumed that RCA will have to offer almost $60 a share, perhaps in a mixture of cash and securities.

New Analysis, Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Barr and WAT A	130	+ 11
Blundell-Permeglaze	95	+ 3
Carless Capel	51	+ 3
Kent (M. P.)	70	+ 3
Neil and Spencer	212	+ 9
Whessoe	127	+ 7
BP	1255	+ 19
Oil Exploration	336	+ 22
De Beers Dfd.	365	+ 15
East Rand Props.	463	+ 36
Otter Expln.	32	+ 9
Robert Mines	29	+ 4
West Drie.	£22½	+ 1
FALLS		
BAT Inds.	258	− 7
Beecham	529	− 8
Birmingham Pallet	85	− 5
Brown (J.)	471	− 26
Burton A	266	− 6
Collins (Wm.)	130	− 8
Dowty	311	− 7
Electronic Rentals	188	− 10
GEC	347	− 11
House of Fraser	179	− 4
Inchcape	265	− 10
Laurence Scott	63	− 9
Legal and General	157	− 4
Lincroft Kilgour	44	− 3
Lucas Inds.	258	− 5
Prudential	158	− 4
Reckitt and Colman	428	− 12
Rush and Tompkins	137	− 10
Sainsbury (J.)	332	− 7
Unilever	508	− 12
Charter Cons.	136	− 4
Selection Trust	486	− 10

CONTENTS

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EMS currencies may be realigned soon—Androsch

BY DAVID MARSH

A REALIGNMENT of currency parities within the European Monetary System may have to take place "very soon," to take account of the strains on member-countries' economies caused by the latest round of oil price rises, according to Dr. Hannes Androsch, the Austrian Finance Minister and deputy Prime Minister.

Speaking in London yesterday, Dr. Androsch stressed his basic support for the EMS. But the system would only be viable if adjustments in currency rates were carried out early and reasonably frequently. Otherwise, such changes would be made more difficult, because of "national prestige."

As a non-EEC country, Austria is not a member of the EMS. But because of its close economic and financial ties to the Community, Austria—while not participating formally in the system's exchange rate mechanism — autonomously maintains the rate of the schilling in line with EMS currencies as part of the Government's "hard schilling" policy.

Dr. Androsch said that even before the latest OPEC pricing decision, tensions had arisen within the scheme. Because of underlying differences in the strength of member countries' economies, West Germany would find it easier to meet the "new conditions" created by the oil price rise than some of its partners.

Dr. Androsch said his country was striving for a special "observer status" within the EMS.

If the problems of occasional parity adjustments were overcome, it would provide hope for a successful continuation of the system which he said be considered an important step forward on monetary, economic and political grounds.

Holland raises rates to 7½%

By Charles Batchelor in Amsterdam

THE Dutch Central Bank is raising bank rates to 7½ per cent, from 7 per cent, effective today. This is the second increase in just over a month.

The bank's other official rates have also been raised by ½ per cent, bringing the rate for secured loans to 8 per cent, and the promissory note rate to 8½ per cent. Interest rates were last increased—by ½ per cent—on May 31.

Dutch official interest rates are now at their highest levels since October 1974. Despite the Netherland's success in reducing inflation to around 4 per cent, interest rates are exceptionally high.

Swedish bank rate up

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN'S RIKSBANK (central bank) raised its discount rate from 6.5 to 7 per cent yesterday, in the first change for nearly a year. At the same time it announced an increase from 2 to 4 per cent in the cash quotas the commercial banks are required to place with it, and sharpened terms for its lending to the banks with effect from July 10.

Mr. Carl-Henrik Nordlander, the Riksbank governor, said the intention was to adjust Swedish interest rates to international levels, to counter a recent outflow of currency, and to obtain better control over bank liquidity.

Swedish currency reserves are still fairly high, at around SKr 17bn (£1.8bn), compared with a peak of just over SKr 20bn last September. But they have been maintained through substantial foreign borrowing by the state, which has offset the short-term capital outflow.

The tightening of monetary control must be set against the sharp seasonal rise in the money supply which is expected this month, at the start of the fiscal year. A budget deficit of over SKr 40bn is forecast this year.

Mr. Nordlander estimated that the 2 per cent increase in the banks' cash quotas would withdraw some SKr 3.6bn from the banking system. The danger of overheating the economy and of renewed inflation was not very great, he thought.

Bonn plans cut in borrowing

By Jonathan Carr in Bonn

WEST GERMANY'S Cabinet has approved a draft budget for 1980 involving a notable cut in the Federal Government's borrowing requirement.

The action will go some way to please those, including the Bundesbank, who have urged such a cut, on the ground that without it, the public and private business sectors might collide in demand for credit. The result of that could be to force up interest rates and undermine the economic upswing.

Top officers of the West German Bundesbank over the past few months have frequently stated that realignments within the EMS are inevitable, and must be made as rapidly and undramatically as possible, because of fundamental differences in the inflation and balance of payments performances of West Germany and the other members of the system.

The Government expects its net credit intake next year to be DM 28.2bn (£6.99bn) compared with DM 31.2bn this year. Last year in its medium-term finance planning, the Government expected its 1980 credit requirement to be DM 33.5bn. But the strong upswing in the economy since then, permitting an upwards revision of expected tax revenue, has reduced the credit forecast.

Overall budget expenditure next year is put at DM 215.3bn, an increase of 5.1 per cent over this year's total.

The biggest portion of this goes to the Labour Ministry (DM 48.8bn). The largest expenditure growth rates against 1979 are those of the *Development Aid Ministry* (up by 12.5 per cent), the Technology Ministry (up by 11.2 per cent) and the Foreign Ministry (up by 11.1 per cent).

The defence budget at DM 37.7bn is second in size only to Labour. But its growth rate (a nominal 4.4 per cent) leaves open how West Germany plans to obtain the marked growth on defence expenditure in real terms envisaged by the NATO countries.

European steel to cost more

By Guy de Jonquieres, Common Market Correspondent in Brussels

THE EUROPEAN Commission said yesterday that it expected to put into effect in early autumn small increases in the prices of selected steel products covered by the EEC's anti-crisis plan for the industry.

It is thought in the industry that they will extend to merchant bars, beams and, possibly, reinforcing bars, for which demand has been reasonably brisk recently.

Italian industrial unrest mounts

BY RUPERT CORNWELL IN ROME

AS INDUSTRIAL protest mounted throughout Italy, union and management negotiators were struggling last night in Rome to break the deadlock in the wage contract talks for Italy's 1.5m metal and engineering workers.

The talks at the Labour Ministry have continued with little interruption for 48 hours. Their outcome will determine whether the basis for a *settlement can be reached before the summer* holiday break, for which the unions are pressing, or whether the acrimonious issue will be put off until September.

In the latter case, Italy faces the threat of a "hot autumn," involving not only the metalworkers, but also such other key sectors as chemicals and textiles, where the unions are waiting for a lead from the *talks now in progress.*

Talks continue on the central dispute, over the unions' *request for shorter working* hours.

While the unions are demanding a cut in the working week to 36 or 38 hours, from the present 40 hours, private-sector employers are prepared to go no further than five extra days holiday a year. They also insist that the unions accept their request for more flexibility on overtime.

In the past two days, Italy's *main industrial cities have suffered* widespread disruption from protesting workers, and *more is expected today, when* chemical workers stage an eight-hour nation-wide strike.

German employer-union 'summit'

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN employers and trade union leaders are working on the agenda of a "summit meeting"—the first between top men from both sides of industry in three-and-a-half years. No date has been fixed, but it is hoped that the talks will start this month.

On the one side is the Federal Association of German Employers' Associations, and on the other, the German Trade Union Federation.

There have been no formal talks since the 1976 break-up of the "concerted action" programme—a series of meetings between employers, unions and Government, aimed at reaching common policies on questions of the country's economic management.

Much ground still has to be covered before talks can take place. The federation appears to have ruled out a revival of the "concerted action" programme. Nothing is envisaged beyond direct talks between trade unionists and employers.

The federation said it had been agreed to hold talks, but the agenda had still to be worked out. Any resurrection of "concerted action" was firmly ruled out, however.

According to the employers — who say talks are likely to start on July 20 — the agenda will include thorny subjects such as the employment situation, growth prospects, and general economic policy.

It seems that workers' participation may also be discussed. This was the issue that caused the break up of "concerted action."

"Mitbestimmung," or workers' participation on company supervisory boards, has been an abrasive factor in West German labour relations for many years.

The "concerted action" broke down when the West German Government decided to enact legislation introducing the principle of near-parity of workers' and shareholders' representatives in the board rooms of the country's larger corporations.

The 1976 Act satisfied neither party. The trade unionists wanted actual parity and were not satisfied with the Government's legislation which left the shareholders with the chairman's casting vote.

The employers were so opposed to the Act that they fought it up to the West German Constitutional Court — the Federal Republic's Supreme Court.

Three months ago, the court upheld the validity of the Act against a challenge by nine big companies and 29 employers' associations.

But even before this, most German employers' coming within the scope of the legislation had already put its provisions into operation, grudgingly in many cases. Few companies restructured.

The employers are naturally wary of having the subject of "mitbestimmung" on the agenda.

It appears to be the trade unionists who want it, and there can be little doubt they will use it to press their case for absolute parity on company boards.

Even so, the West German trade unions realise that a need exists to heal the rift. The employers, for their part, also seem anxious to re-establish normal relations.

Greece planning gas pipeline

BY A. H. HERMANN IN ATHENS

NATURAL GAS pipelines to Italy and Bulgaria are being included in a new long-term Greek energy programme aimed at reducing dependence on imported oil.

The pipeline network is forecast ot cost £455m. It will link Greece, via Corfu, with the planned pipeline from Algeria through Italy. A second link north to Bulgaria will tie Greece into the large network *connecting the Orenburg* natural gas fields in the south Urals with Comecon countries.

The natural gas is for domestic and industrial purposes. It will also be used to boost electric power generation at peak times.

These plans are part of a long-term programme prepared over the past two years by an energy committee under the chairmanship of Mr. George Pappas, secretary-general of the Ministry of Co-ordination. At present, 70 per cent of Greece's energy comes from imported oil: the rest is met from local lignite and hydro-electric power. The Government, according to Mr. Pappas, aims to halve oil imports, partly by importing natural gas, partly by large imports of coal, and partly by building a nuclear power station.

Brazil, Canada, China and the U.S. are mentioned as possible sources for the coal. Imports of this, and of natural gas, are designed to replace the heavy oil used by industry. Industry accounts for half Greece's energy consumption, with the aluminium industry a particularly large consumer.

The Government has also decided on some more immediate measures. Industry is to be asked to spend the equivalent of 1 per cent of fixed assets on conservation, and to reduce energy consumption.

Petrol prices, already among the highest in the world, are *being increased to the equivalent* of £1.70 a gallon. Weekend motoring will be restricted, and the duty on cars—all of which are imported—is being doubled.

Stockholm switch to coal urged

By William Dullforce in Stockholm

SWEDEN'S National Industrial Board is seeking Government permission to negotiate a switch from oil to coal as the main fuel source for heating in the Greater Stockholm district. The programme would call for an annual import of 3m tonnes of coal for the capital by 1990. Australia, Poland and Canada are named as possible suppliers.

At present 84 per cent of Greater Stockholm's heating is fuelled by oil and only 14 per cent by coal. The board proposes a SKr 6bn (£650m) plan to enlarge the network and to change the proportions to 71 per cent coal and 25 per cent oil, with the rest derived from refuse-burning plants.

The Board has rejected natural gas imports, solar energy, peat and wood as realistic alternatives in the medium term. It says that the best solution to Greater Stockholm's heating problems would be to pipe hot water from the nuclear power plants at *Forsmark, north of the capital.*

But a national referendum on nuclear power is being held next spring and could bring a halt to the nuclear power programme. The Board also finds that it would be impossible to realise the nuclear heating plan before the 1990s.

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Portugal's right wing signs pact

BY JIMMY BURNS IN LISBON

PORTUGAL'S unresolved Government crisis was further complicated yesterday by the signing of a general co-operation agreement between the three main Right-wing parties.

Dr. Francisco sa Carneiro, Prof. Dieo Freitas do Amaral and Dr. Goncalo Ribeiro Telles, leaders of the Social Democrat Party (PSD), the Christian Democrat Party (CDS) and the small Popular Monarchist Party (PPM), *have agreed to step up* their campaign for an early election this autumn and for a *revision of Portugal's socialist constitution.*

The agreement, which refers to the "urgent national need for a new democratic power," predicts a substantial swing at the next election, and commits the three parties to a future Right-wing coalition Government. The last general election, held in 1976, was won by the Socialists, with 34 per cent of the vote.

The full implications of the agreement, however, will not be known for a few days.

President Antonio Ramalho Eanes has again put off a decision on whether to dissolve Parliament or back a new Government. A presidential spokesman said yesterday that Gen. Eanes had postponed his expected address to the nation this week, and would probably be seeking more talks with political leaders.

Both the Socialist Party and a group of independent Social Democrats who broke away from Dr. Sa Carneiro's party have so far opposed an early election since, by the terms of the constitution, the next general election would not have to take place until 1980. They have hinted strongly that they would be prepared to form a government, a *solution which has the* tacit backing of the Communist Party.

Stir after top Basque steel man vanishes

BY ROBERT GRAHAM IN MADRID

A PROMINENT Basque country businessman, Sr. Luis Olarra, has caused a stir by putting his special steels company into temporary receivership, then disappearing.

The suspension of all outstanding payments by Olarra SA, which this move entails, will have financial repercussions in the Basque country. But since many observers link the move with the highly complex question of relations between the militant Basque separatists, ETA, and Basque businessmen, the repercussions are much wider.

Sr. Luis Olarra is a former Royal Senator and president of the Basque Employers Association, as well as a former vice-president of the national employers confederation, CEOE.

During the last elections, he stood unsuccessfully as a Parliamentary candidate for the Right-wing grouping, Coalicion Democratica.

Sr. Olarra is well known for his public opposition to ETA and on several occasions has said he has refused to be intimidated by them. In particular, he has refused to pay the so-called revolutionary tax—money demanded by ETA from nearly all Basque businesses to finance their cause.

In recent months, at least two attempts have been made on Sr. Olarra's life, allegedly by ETA. Some Press reports have mentioned six attempts. All are said to be connected with his uncompromising attitude towards ETA.

In the past 18 months, a number of prominent Basque businessmen have chosen to leave the area for fear of their lives. Some 30 businesses have moved outside the Basque country since the beginning of the year.

This background cannot be ignored, according to some observers, when dealing with the plight of Sr. Olarra's special steels group, which has two plants in the Bilbao region employing 2,000 workers.

Olarra S.A. has been held up since the early 1970s as the model of a dynamic Basque company. It was strongly export-oriented, and last year, Pta 4.7bn (£32m) was earned by foreign sales, equivalent to 78 per cent of turnover.

Main clients were the U.S., West Germany and Romania. The company has been hard hit by the domestic recession and the high cost of domestic borrowing. Added to this, the sharp appreciation of the peseta since last autumn has undermined competitivity.

This resulted in a Pta 300m (£2.07m) loss last year, and a deteriorating short-term situation.

At the annual meeting last month, short term debts were disclosed at almost £30m.

The immediate cause for applying for temporary receivership was, according to the company, a move by the Bilbao municipal savings bank to call in a loan of Pta 50m (£350,000).

Sr. Olarra has substantial funds of his own. Nevertheless, faced with this demand, he applied this week and was granted a temporary suspension of payments. A court, in approving the order, disclosed that Olarra S.A. had total assets of Pta 11bn, against debts of Pta 7bn.

What has surprised the business and political community both in Bilbao and Madrid is that such a step should have been taken without any apparent strong effort to achieve a salvage formula.

Sr. Olarra has removed himself completely from the public eye, declining to make any comment. There is talk of him being in London, or Venezuela. The fate of Olarra S.A. becomes a major challenge to the Government.

Dutch unlikely to expand activities in Post bank

BY CHARLES BATCHELOR IN AMSTERDAM

THE PRESENT Dutch Government appears set to restrict the activities of the new Post bank which is now being formed from a merger of the Post Office savings bank and Post Office cheque and giro service. The previous Socialist-led coalition planned to use the Post bank to increase competition among the banks and was considering allowing it to extend commercial credits—an area in which the two state-owned institutions have not operated up to now.

The Centre-right coalition which is now in power is less convinced of the need to increase competition among the banks, Mr. Hans Wiegel, the Deputy Prime Minister, indicated after the weekly Cabinet meeting.

It is studying a number of proposals for extending the activities of the two existing institutions and a decision is expected within a matter of weeks.

The Dutch central bank is believed to be opposed to the extension of the activities of the new bank and apparently wants limits set on the size of the commercial credits which could be granted. The Dutch banking association has also lobbied strongly against radical extension of the new bank's powers.

The association considers that there is already sufficient competition between the existing banks to guarantee good service to customers. It also fears the Government might use the bank to further its economic or monetary policies and says there is a potential conflict of interest between the Finance Minister's supervisory role over the bank and his responsibility for general monetary policy.

The merger of the Post Office savings bank and the postal Giro, which is already being put into effect, will produce an institution which will rank fourth in the list of major Dutch banks. The Post Office savings bank in particular has been extending its range of services in recent years and it has been particularly active in the fields of mortgage lending and consumer credits.

Clearer role urged for Bank of Italy

BY PAUL BETTS IN ROME

FORCEFUL CALLS for greater clarity and rationality in Italy's banking legislation were made yesterday during the annual meeting of Assobancaria, the Italian banking association.

Making explicit reference to the controversial Bank of Italy affair, Sig. Filippo Maria Pandolfi, the Treasury Minister in the outgoing Government, said there was urgent need to clarify and re-affirm the role of the central bank to enable it to operate with serenity and authority.

The entire banking system has increasingly been preoccupied with the recent charges against the central bank and its highly respected governor, Dr. Paolo Baffi, in connection with soft loans granted to the SIR chemical group.

There is now additional concern over the succession to Dr. Baffi, who has indicated he intends to step down before the end of this year.

However, Dr. Baffi, who has denied all the charges and has been visibly hurt by the unprecedented and controversial initiatives by the magistrates, is understood to be seeking before his resignation a clarification on the specific and autonomous powers of the central bank governor, including his right to select his eventual successor.

In turn, this has led recently to a series of attacks seemingly aimed at undermining the powers of the central bank governor, despite the widespread expressions of confidence and solidarity in Dr. Baffi.

This attack, launched by elements of the Italian Press, seems principally aimed at eroding the autonomy of the central bank, which has traditionally held itself aloof from politics in a country where the banking system at large has come increasingly under political control.

Sig. Silvio Golzio, the Assobancaria president and chairman of the Credito Italiano, also called in his address to the banking association yesterday for a clearer interpretation and application of Italian banking laws.

Sig. Golzio is expected to resign in September, when he will probably be replaced by Sig. Rinaldo Ossola, the former Foreign Trade Minister and a former director-general of the central bank.

Referring to the present conflict between the banking system and the judiciary, Sig. Golzio emphasised the need for all banking institutions, public or private, to be governed by the same operating criteria. This would enable Italian bankers to operate again on a competitive basis, without fear that certain decisions could have legal repercussions as a result of the public or private character of individual institutions.

On the delicate question of state-subsidised credits, which is now at the centre of the storm, after the judicial inquiries into the allegedly irregular low-interest loans to several Italian companies, Sig. Golzio said banks must be free to decide the granting of such credits on technical and economic grounds.

David Satter reports on Neryungri, where the development of Eastern Siberia is beginning

Digging for growth in East Siberia

EARLY IN spring, a slow procession of empty trucks pulled up to the side of an exposed coal seam in eastern Siberia. A giant excavator, its iron scoop spilling coal dust, loaded them with the first yields of the Neryungri open cast coal mine.

There was little that was unusual about the scene except the ease with which the excavator bit into the soft side of the so-called Mountain of Coal and the motley collection of trucks commandeered to haul it away.

The beginning of work at Neryungri, however, was no routine event. Exploitation of the deposits, where 430m tonnes of coal (more than three times as much as was mined in all Britain last year) are concentrated in an area of only six square miles, was the first step in the creation of eastern Siberia's first major industrial complex.

Siberian development is based on the idea of the "territorial industrial complex," a self-contained economic unit composed of raw material deposits, a single infrastructure and energy source. Neryungri is the first project of the South Yakutia complex.

Exploitation of the Neryungri coal deposits is therefore the beginning of eastern Siberian development. Since its founding in 1975, Neryungri has acquired a population of 16,000. It has three- and four-storey wooden housing, washing hanging out to dry, bumpy gravel roads, and forest paths already awash with coal dust.

The mines are to produce 12m to 13m tonnes of coal a year by 1982. A fully operational coal pit and concentration plant for processing coking coal is to be completed in 1983. By that time Neryungri is expected to have a population of 50,000, eventually rising to *100,000*.

Transport to bring heavy equipment to the coal deposits and carry coal away from them is being provided by Little Bam, a spur of the main BAM railway line which cuts south from Neryungri through the purple ridged Stanovoi Mountains to Tinda.

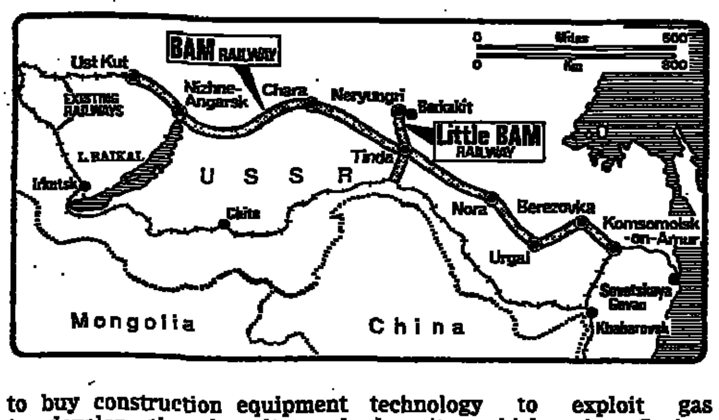
Little BAM began carrying coal last October and 2.5m tonnes is to be shipped this year, most of it to Tinda where it will provide heat and light. The spur has only just reached the Neryungri deposits. A loading and freight centre has been established 100 miles to the east of Berkakit, which is destined to be the road, rail and air transport centre for the entire South Yakutia area.

The temporary station office is in a couple of railway cars. Trains bearing coal from Neryungri and carrying equipment to the settlement pass through the station day and night.

Neryungri is a major Soviet project on a scale similar to the Kamaz truck factory or the Atommash nuclear reactor.

The project would not have *been as far along as it is*, but for the fact that the coal deposits are soft and easy to mine. Besides they are of interest to Japan.

An estimated 300m tonnes of the Neryungri coal is coking coal and under the terms of a joint co-operation agreement with Japan signed in 1974, the *Soviets received a $450m credit*



to buy construction equipment to develop the deposits and promised to deliver 100m tonnes of coking coal to Japan over 20 years from 1979. Deliveries from Neryungri will form the bulk of these coal deliveries, rising from a 3.5m tonne contribution in 1983. Given the cost and difficulty of Siberian development, it is no coincidence that the Soviets have given priority to a project in which there is considerable Japanese assistance. Successful *Soviet-Japanese co-operation in* the Neryungri project could have important repercussions.

The possibility exists of Soviet, Japanese and American agreement on the potentially more important South Yakutia gas project, which would probably cost $10bn.

That project would involve *the use of U.S. and Japanese* technology to exploit gas deposits which, the Soviets believe, may amount to 13 trillion (million million) cubic meters. A pipeline is planned, and the setting up of gas liquefaction plants on the Pacific coast with repayment to the U.S. and Japan in gas shipments at a rate of 10bn cubic meters a year for 25 years. (That compares with total output in 1978 from the British sector of the North Sea of 38bn cubic meters).

The Neryungri project, where progress is already visible, presages the industralisation of what a few years ago was an empty tract of wilderness. This remote area has 6bn tonnes of iron ore in an area 60 miles north of the Neryungri coal pit. Soviet planners hope that this iron ore with Neryungri coal will become the basis for a giant metallurgical complex to rival anything in the western Soviet Union.

The Soviet Ministry of the Coal Industry in 1974 estimated the cost of the Neryungri project at 936m roubles, including 700m roubles for construction. This figure was to cover the development of the deposits and infrastructure for a town of 70,000 (excluding the power station). The institute grossly under-estimated the number of workers required and assumed that 80 per cent of the workers would be single and only 20 per cent married. In fact, 80 per cent are married.

The under-estimation of manpower needs has left Neryungri with a current shortage of 8,000 workers and the erroneous assumption about the share of married workers has meant that Neryungri must provide schools, homes and shops not for 10,000 but closer to 16,000 people.

The latest cost estimate for the development of the Neryungri deposits and construction of the city is now 3bn roubles with 1.8bn roubles for *construction costs. There is no* assurance that costs will not run higher.

The Soviets have an almost inexhaustible supply of coal to draw on once the Neryungri pits are exhausted. They believe *that South Yakutia's total coal* reserves amount to 30bn to 40bn tonnes. But the problems which the Soviets have encountered at Neryungri indicate some of the difficulties they can expect as they embark on the exploitation of raw material deposits which are not as concentrated as at Neryungri and even more remote—particularly if no Japanese or western technical co-operation should be forthcoming.

The small settlement of Kizil Syr, about 550 miles north of Neryungri on the Vilyuy river west of Yakutsk is in the centre of a 200 square mile area of forests, winding rivers and lakes which is believed to have 500bn metres of natural gas deposits. That is half of what must be confirmed to establish that the South Yakutia gas project is economically and technically feasible.

The town itself, a collection of wooden houses along narrow lanes with white smoke curling up from the chimneys in the cold morning haze, sits on a confirmed gas reservoir of 200bn cubic metres.

Gas prospecting is continuing along the Vilyuy river and its major tributaries as the Soviets push to confirm the needed 1 trillion cubic metres of gas which they expect to reach by the end of next year. But there is no sign that they have any plans to go on to the *exploitation stage without assured Japanese and or American* assistance.

Hoss ready with new Government

BY IHSAN HIJAZI IN BEIRUT

LEBANON's Prime Minister designate, Dr. Salim al Hoss, completed consultations with the country's leaders on the formation of a new Cabinet yesterday and assessed the outcome with President Elias Sarkis. Despite formidable problems, Dr. Hoss hopes to be able to announce a government next week.

The former banker was the head of the extra-political cabinet of technocrats which resigned seven weeks ago. Mr. Sarkis himself a former Governor of the Central Bank, again chose Dr. Hoss to head a new Government, hoping it would this time, include political figures who would help the country regain political and economic equilibrium.

By all accounts, Dr. Hoss has emerged as a man of stature in his own right and is now looked upon as a cornerstone of national reconciliation.

Dr. Hoss has not only maintained an excellent relationship with his own Moslem community, the left-wing leaders and Palestinian guerrillas, but is highly respected by right-wing Christian party bosses, notwithstanding their criticism of some aspects of his policy.

The decision by Mr. Sarkis to move in favour of formation of a Cabinet of politicians is seen as positive sign. He and the Prime Minister-designate are encouraged by the recent de-escalation of tension at the domestic level, though they have not lost sight of new dangers arising from the Syrian-Israeli air battle over southern Lebanon last week.

The easing of friction, especially between the Christian militias and Syrian troops comprising the Arab League's deterrent force, has helped to re-assert the authority of the Central Government, personified by Mr. Sarkis and Dr. Hoss.

This has been possible because of progress in rebuilding the Lebanese army, which today numbers 22,000, though many are still in training. This is 4,000 more than the total strength of the armed forces prior to the civil war four years ago.

The army is still too small to take on the private militias or Palestinian guerrillas, but Major-General Victor Khoury, Minister of Defence, said last week that the size of the army will be doubled as soon as possible. Troops have already been deployed in a number of trouble spots.

Last week, General Khoury signed new arms contracts with the U.S., which has committed $100m for equipping the regrouped Lebanese troops.

A week earlier, he visited Paris and held talks on possible supplies of French weapons. Ten Mirage fighters form the backbone of Lebanon's small air force. The army has now decided to purchase $15m worth of helicopters, probably from France.

A battalion of 500 men is stationed alongside the UN peace-keeping force in southern Lebanon. The army has now taken over law-and-order duties on the south-eastern outskirts of Beirut, an area where the civil war broke out and which was one of the scenes of chronic factional fighting and clashes with the Syrians.

An important development was the passage of a new Army Law by Parliament earlier this year which made the Moslems drop their reservations about accepting a bigger role for the forces. The law ensured a Moslem-Christian balance in the military ranks, whereas, in the past, Moslems complained that the armed forces were dominated by Christians.

Officials are hopeful that, if a Cabinet materialises, it will give Lebanon the chance to stand on its own feet. However, they do not minimise the difficulties facing Dr. Hoss, because of conflicting political interests. The danger is that if Dr. Hoss fails, Lebanon may be without a cabinet for a long time. No other leader would be able to ensure a Government acceptable to all parties.

U.S. seeks progress on autonomy

BY ROGER MATTHEWS IN CAIRO

MR. ROBERT STRAUSS, U.S. special envoy to the Middle East, attempted to inject some urgency into the negotiations over Palestinian autonomy when the fourth round of talks between Egypt and Israel opened in Alexandria yesterday.

He urged both delegations not to equivocate but to face the difficult issues fairly. He said that his first appearance at the negotiations emphasised the U.S. determination that the result should be breakthrough and not breakdown.

The main U.S. hope seems to be pinned on the possibility that the two sides could agree on the formation of special committees to discuss aspects of the autonomy issue. During previous negotiating sessions Egypt and Israel could not even agree on an agenda.

Mr. Strauss found after the first session of the latest round was completed yesterday that the problems were "very complex" and gave little indication that anything much would be achieved before the meeting between President Anwar Sadat and Mr. Menahem Begin, Israel's Prime Minister, which is due to be held in Alexandria next Tuesday.

Egyptian officials stress that at these talks President Sadat intends to raise all the main issues blocking progress. Mr. Sadat has said that if no progress is made by October then Egypt may have to rethink its position. This is understood to have been as much a device to encourage the U.S. to table its own proposals as it was a warning of dire Egyptian action.

Algeria frees its forgotten hero

BY FRANCIS GHILES

THE RELEASE from house arrest of Ahmed Ben Bella, Algeria's first President, confirms the more liberal line being adopted by Colonel Benjedid Chadli who became his country's leader earlier this year.

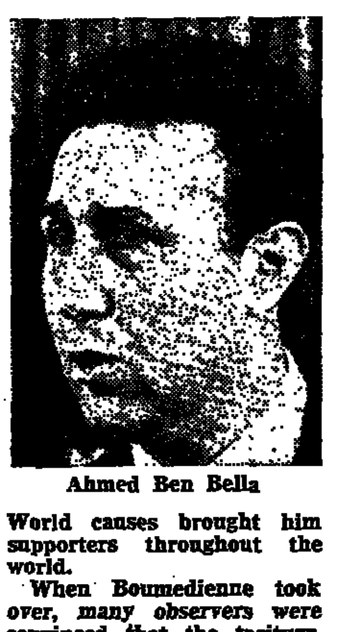
Mr. Ahmed Ben Bella, who played a leading part in Algeria's fight against French rule, was freed on Wednesday, the 17th anniversary of independence. He had been detained since June 19, 1965 when he was ousted from power in a bloodless coup by Colonel Houari Boumedienne. Now 63, he spent six years in French jails, from 1956 to 1962.

Since Colonel Chadli was sworn in as his country's third President in February, after the death of President Boumedienne, many political prisoners have been pardoned and political exiles have been encouraged to return.

Ben Bella led his country through three tumultuous years after independence was wrested from France in July 1962. They were difficult years. A million French settlers fled leaving a devastated country short of skilled and professional labour.

Although Ben Bella was popular, many Algerians had become disillusioned by the time of his downfall. His respect for democracy was scant and he destroyed free trade unions, for which a number of Algerians could not forgive him.

Abroad he became a third world folk hero. His friendship with Fidel Castro and his championing of Third World causes brought him supporters throughout the world.


Ahmed Ben Bella

When Boumedienne took over, many observers were convinced that the taciturn chief of staff and Minister of Defence would reverse the policies of the ousted president. In the event Boumedienne turned out to be a shrewd and intransigent defender of the same goals as his predecessor.

Japan may tighten credit soon

By Richard Hanson in Tokyo

JAPANESE monetary authorities are likely to have to decide soon on a further rise in the official discount rate—a move which could put downward pressure on the U.S. dollar. Recently the U.S. currency has stayed relatively stable against the yen.

Since raising the discount rate (the level at which it lends to commercial banks) in April by 0.75 to 4.25 per cent, the Bank of Japan has followed an increasingly tight credit policy.

Official guidelines on the amount of new loans allowed by the commercial banks were well below estimates of demand by the banks themselves for the first two quarters this year, and will be rather strict again for the July-September period.

Raising the discount rate will, it is hoped, reduce the chances of consumers and companies engaging in inflationary buying sprees in expectation of a sharp rise in the prices of oil and oil-related products during the summer.

It is felt that the higher interest rate will help ease conditions in the long-term bond market, where for the past several months huge floats of national bonds have spurred a sharp rise in secondary market yields.

Some Japanese economists argue that the Bank of Japan was about a month too late in its previous rate increase, and that the size of the rise should have been much steeper.

According to press speculation, the central bank will raise the rate by another 0.5 this month.

The economists argue that a 0.75 per cent increase would be more appropriate, and that the action should be taken as soon as possible. The earliest anyone expects any move is after Mr. Teiichiro Morinaga, Governor of the Bank of Japan, returns from a meeting of the Bank for International Settlements in Basle late next week.

Officials at the Central Bank are being cautious. So far, the impact on wholesale prices has been fairly limited to oil-related products. but the full effect of the first two oil price increases and the first effects of the latest will be felt in August.

Ohira likely to call October poll

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A JAPANESE general election, not due until the end of next year, now seems likely to be held in October, judging from hints being dropped by associates of Mr. Masayoshi Ohira, the Prime Minister.

The indications are that Mr. Ohira will convene the Parliament for an extraordinary session in early September and then dissolve it almost at once to allow time for the six week run-up that would be needed for an election to be staged in mid-October.

Mr. Ohira has several reasons for wishing to hold an early election. The relatively high popularity of his Cabinet and of the Liberal Democratic Party as a whole has been shown in recent public opinion polls. The party's bare majority in the present Diet has been causing problems in committees where the LDP has been unable to field enough members to provide chairmen. Moreover, Japan's economic situation may deteriorate in 1980 with damaging consequences for the party's popularity.

Mr. Ohira's inclination to go for an autumn election seems to be shared by members of his own faction within the party and by members of the allied Tanaka faction. Other factions, including those led by ex-Prime Ministers Takeo Fukuda and Takeo Miki, are said to be unconvinced.

Mr. Fukuda who lost the Premiership to Mr. Ohira last winter has shown signs of wanting to re-contest the party leadership when elections for LDP president are held towards the end of 1980. If Mr. Ohira calls an election this autumn and increases the LDP's parliamentary majority, Fukuda's chances of winning back the leadership would be reduced.

The Liberal Democratic Party did well early this year in winning back from the opposition several important prefectural and city governorships, including that of Tokyo. Part of that success appears to have been the result of alliances with middle-of-the-road parties.

In a general election for the lower house of the Diet the LDP would be fighting on its own.

Even so, there seems good reason to expect that the party would do better in a poll held this autumn than at the last general election in December 1976 when it was badly split.

The LDP emerged from the 1976 election with less than half the seats in the Diet and was only able to climb back above the 50 per cent level after its ranks were reinforced by conservative politicians who had run as independents.

A cloud hanging over the party is the question of how to handle the case of Mr. Raizo Matsuno, a senior LDP figure who, during inquiries early this year, confessed to having accepted funds from a U.S. aircraft manufacturer at a critical stage in negotiations on an aircraft sale to the Japanese Defence Agency.

Mr. Matsuno is immune from being prosecuted for bribery because the statute of limitations has expired in his case, but opposition parties are not prepared to see him go free without a struggle.

Cities of 30m people loom by year 2000

By Brij Khindaria in Geneva

VIOLENCE plaguing many developing countries is a stark reminder to the West of the increasing frustration of poverty-stricken masses in Third World villages, according to reports prepared for a United Nations conference. Such people make up almost half the world's population.

The Conference of Agricultural Reform and Rural Development opens in Rome next week. It will be the latest round in so far unsuccessful international efforts to provide the rural poor with basic needs such as food, clothing, housing and medicine.

The World Bank estimates that 800m people in rural areas are destitute and cannot provide for minimum food and clothing needs. Another 500m are so poor that they cannot hope for much more than the barest means of survival.

Frustrated villagers migrate to cities in search of subsistence but find survival even harder in the unfamiliar urban environment. A United Nations Food and Agriculture Organisation study predicts that if current rural migration trends continue giant urban conglomerates, each crowded with up to 30m people, will emerge by the year 2000, first in Latin America, then in Africa and Asia.

Foretaste of disaster

These often starving migrants provide fertile soil for violence and crime in cities which in developing countries do not possess the wealth and technology to cope with the population explosion. Crippled urban conglomerates such as Calcutta already provide a foretaste of the disasters to come if life in villages continues to become intolerable.

Despite massive migration to cities, the Third World's rural population is expected to rise by another 830m people in the remaining years of this century.

The percentage of rural people in national populations will fall, but the absolute numbers in villages will continue to increase. Starting from the current dismal situation, this population growth will pose new problems concerning food supply, housing, clothing, health, education, life expectancy and child mortality.

Worsening the situation is the disastrous loss of arable land in all regions because of creeping expansion of deserts and other forms of environmental pollution. Huge amounts of food are lost each year in developing countries to rodents, locusts, spoilage and adverse weather conditions because of lack of proper storage facilities.

Food importers

The FAO estimates that one hectare is the smallest plot that will nourish one rural worker but in south Asia and the Far East entire families own less than this. In addition, less than one quarter of Asia's arable land is irrigated.

Almost all developing countries are net food importers. The Third World was largely self-sufficient in foodgrains up to 1950, but net grain imports reached 50m tonnes in 1975 and are expected to reach 100m tonnes during the 1980s. At current prices that will add $16bn to Third World import bills.

Latin America has plenty of land. The average size of all agricultural holdings is about 50 hectares, yet two-thirds of all farm families till plots of less than three hectares which often do not have sufficient water supplies.

The reports recommend co-ordinated actions at local, national and international levels to reduce rural poverty. Self-help by villagers at the level of this own community is of little use if their country's Government does not deliberately help and if the international community does not provide financial aid, technology and trade opportunities.

Oil shortage 'not caused by companies'

BY DAVID LASCELLES IN NEW YORK

A TWIN investigation by the Justice and Energy Departments of the causes of the U.S. petrol shortage has so far failed to turn up evidence to support the widespread belief that the oil companies are behind it.

Preliminary results of the investigations, ordered by President Carter over a month ago, are being forwarded to the White House today, but the investigation will continue possibly for several more months.

The Justice Department, which is looking into charges that the oil companies violated anti-trust laws by co-ordinating their activities to create the shortage, said yesterday that the report "does not contain any conclusions."

A spokesman said it was up to the White House to publicise the details of the report if it wanted to. But he said it would be wrong to suppose that it contained charges of anti-trust law violations.

The Department of Energy's report is concerned with possible violations of the agency's own regulations on pricing and supplying oil. That report is also due to go to the White House today, and is also understood to level no charges against the oil industry. Nor did it uncover evidence of a "conspiracy" by the oil industry to create the oil shortage.

Instead, the report is expected to say that the shortage was triggered by the Iranian oil crisis, and then worsened in the U.S. by an unrealistic pricing policy which keeps petrol prices well below world levels, and by allocation rules which do not reflect the true pattern of demand.

Although both reports are preliminary, they should be welcome news for the oil industry, which has said all along that it has simply been acting prudently in trying to maintain stocks at safe levels, rather than rush all its oil through the refineries to supply the motorist.

Carter cancellation surprises advisers

By David Buchan in Washington

THE ABRUPT cancellation yesterday by President Carter of his nationwide television address on new energy policies caught even his top energy and economic advisers by surprise, and in the absence of any White House explanation, fuelled a wild range of speculation.

To stem some of this, Mr. Jody Powell, his spokesman, later made a one line statement: "The President has authorised me to state that pursuant to the agreements made at the Tokyo summit, he intends to propose at an early date a series of strong measures to restrain U.S. demand for imported oil." At Tokyo, the U.S. undertook to limit imports to 8.5m barrels a day until 1985.

In the light of this, the President's last-minute decision to postpone the unveiling of his new initiatives would appear to be because he feels he has had insufficient time to work out specific policies.

Speculation that the President had suddenly fallen ill—it was announced yesterday that he would not return as planned from Camp David — was rife here yesterday, along with a theory that a sudden unrelated foreign policy crisis was demanding his attention.

Among the President's energy options, over which his advisers are believed to differ, are resubmitting his petrol rationing plan, earlier rejected by Congress, a faster decontrol of oil prices to encourage domestic production and to reduce waste, and Administration support for development of synthetic fuels, which has found recent support in Congress.

Congress is now considered by many Administration officials to be more likely to bite the bullet on rationing, now that long queues have appeared followed by individual States imposing rough and ready allocation plans, which have only slightly alleviated the inconvenience to motorists.

High cost of petrol queues

BY DAVID LASCELLES IN NEW YORK

THE QUEUES of motorists across the U.S. seeking to fill their tanks could be costing the country over 100m barrels of petrol a month, according to informal calculations made by the Department of Energy. This figure, based on what has been happening in Washington, amounts to about 1 per cent of consumption.

On top of that, the country is wasting millions of dollars in lost time spent queuing.

Although these figures contain no surprises, they appear to strengthen the case for rationing, something Congress has so far refused to contemplate, despite President Carter's efforts in that direction.

However, the petrol crunch appears to have passed the worst. Queues on the East Coast are a lot shorter than a week ago, and motorists have clearly cut their driving drastically.

U.S. mortgage rate heads for 11%

BY JOHN WYLES IN NEW YORK

BUYERS of new houses in the U.S. look set to pay more than 11 per cent interest on their mortgages for the first time ever, following a sharp month-to-month increase in interest rates from May to June.

The Federal Home Loan Bank Board, which monitors mortgage rates, has reported that the cost of loans for new houses climbed from 10.47 per cent in May to 10.66 per cent early last month. This compares with an effective rate of 9.46 per cent in June, 1978. The month-to-month change was the largest in nearly six years.

The steady increase in mortgage rates has, however, done much less damage to the new housing market than anticipated. While the pace of new housing starts is 10 per cent lower than last year's extremely strong performance, May's annual rate of 1.827m units does not presage a serious slowdown.

With new house prices up by an average of 17.5 per cent in the last 12 months and with inflation running at around 13 per cent, many economists point out that the real interest rate on mortgages is "negative" and that therefore there is a strong incentive to purchase.

As long as demand remains relatively strong and thrift institutions can attract sufficient funds, there is little clear evidence that the housing sector will be leading the U.S. economy into the much predicted recession as it did in 1974 when housing construction virtually collapsed.

However, there are signs that thrift institutions are struggling harder to attract funds, and Mr Kenneth Biederman, the Home Loan Bank board's director of economic research, attributes the latest increase in mortgage rates not only to high inflation but also to a "slowdown" in savings flows into thrifts.

Mr. Biederman predicts a further rise in interest rates during the summer to around 11.20 per cent but a subsequent fall in rates to around 10.75 per cent by the end of the year

Washington persists with Nicaragua initiative

BY OUR WASHINGTON CORRESPONDENT

THE U.S. is persisting in its bid to negotiate an end to the Nicaraguan crisis, sending diplomats back with fresh instructions to Managua and to Costa Rica, the base of the anti-Somoza provisional government, against a background of growing Right-wing criticism in the U.S. that the State Department has deliberately hushed up Marxist activities in Central America.

Mr. Laurence Pezzullo, the new U.S. Ambassador to Nicaragua, returned to Managua on Wednesday to see President Anastasio Somoza, whom the U.S. and a majority of other countries in the West have been trying to persuade to step down.

At the same time, Mr. William Bowdler, the unofficial U.S. envoy to the Sandinista Provisional Government, went back to Costa Rica. But there was no indication of what form a new U.S. initiative might take.

Meanwhile, Right-wing Congressmen yesterday condemned what they called a State Department cover-up of Cuban and Panamanian support for the Sandinistas and promised pressure through the conservative American Security Council, on the Carter Administration to change its policy.

They included Representative George Hansen, who has led the fight against the Panama Canal treaties, and representative John Murphy, an intimate friend of General Somoza, who said the U.S. had stopped arms supplies to the Nicaraguan National Guard, but had done nothing to curb shipments to the anti-Somoza insurgents.

Paper tiger receives a challenge

By David Buchan in Washington

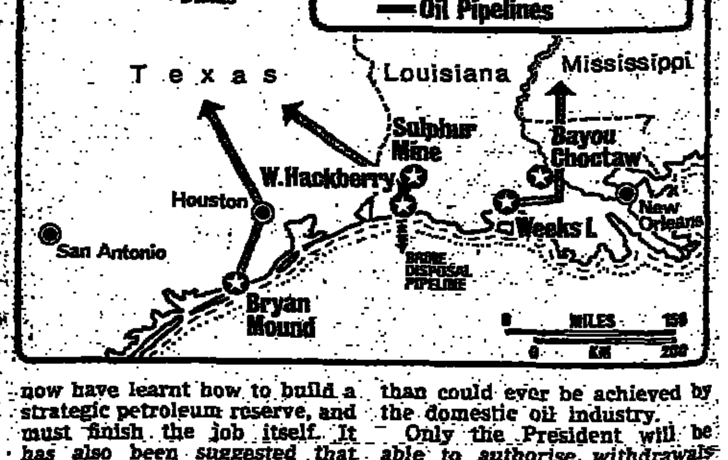
BROWN AND WILLIAMSON Tobacco Corporation unloaded no less than seven tons of documents on the doorstep of the Federal Trade Commission yesterday, as a back-handed protest at an FTC investigation into cigarette advertising that has dragged on since the 1960s.

By a March court order, six tobacco companies, including Brown and Williamson, were required to comply with an FTC subpoena for company documents to aid its inquiry into whether cigarette advertising is unfair or deceptive.

Complaining that Brown and Williamson were simply staging a media event, the FTC said the other five companies had arranged with the commission to stagger their delivery of documents. The documents enabled the Commission to determine whether it needed any more information from the companies.

David Lascelles explains how American efforts to stockpile fuel have gone badly wrong

Emergency oil submerged in salt mines



THE LAST time the U.S. went through an oil crisis, in 1973, Congress decided it had had enough of being held to ransom by the oil producers. In 1975 it ordered the creation of the Strategic Petroleum Reserve, a 1bn barrel underground store of oil for use the next time the world market went haywire.

The idea was to have 250m barrels stored by 1980, and 1bn by 1985, at a cost of $25bn. The oil would be stored in a string of salt domes and abandoned salt mines in southern Louisiana and Texas, along the Gulf of Mexico coast. These were chosen because they were cheaper and more secure than above-ground storage tanks, and could readily be linked up to pipelines and shippnig routes.
pipelines and shipping routes.

With oil scarce once again, petrol starved Americans have not surprisingly turned in hope to the reserve, only to learn some startling fact. While pumps are busy feeding oil into deep underground reservoirs, there are no pumps to suck it all out again. The filling-up schedule is already years behind, and the Administration still has not decided who will get the oil anyway, even if it could be extracted.

These discoveries provoked an eruption of public fury and mockery over the scheme, and Dr. James Schlesinger, the Energy Secretary, hastened to reassign responsibility for the reserve to one of his top men. But by then the reserve had been fixed in the public mind as a prime example of government bungling and waste. Latest reports show that only 87m barrels are in place, that construction costs have soared, from $1.53 per barrel of storage space to $3.38, and that further delays are likely because the Government has ordered the Pentagon, which handles the oil-buying side, to stay out of the world market until prices settle down again.

Even so, the scheme still has its supporters, who argue that the reserve will be a highly versatile tool. It will strengthen the political and economic independence of the U.S., act as a buffer to the ploys of OPEC and price exploiters, and safeguard the economy at times of oil shortage: it could even be used as a bargaining counter in some international political crisis. All this would be at minimal cost—once everything is in place.

Mr. William Parker, one of the men who run the scheme at the Department of Energy's local headquarters in New Orleans, goes so far as to describe it as "the best investment the U.S. has ever made." The average cost of oil so far stored is $13.42 a barrel; the world price is already 50 per cent higher. "It will be a national treasure," said Mr. Parker. "Name me another Government programme that makes money."

Despite the massive scale of the scheme, the basic idea is quite simple. The salt domes are hollowed out by pumping them full of fresh water and extracting it as brine. As the brine is removed, it is replaced by oil, which floats on top. The process is reversed to extract the oil—water is pumped in, forcing the oil out again.

The salt mine reservoirs are being excavated into huge caverns with smooth walls and sloping floors, which will not trap the oil. The DoE expects to lose only 1½ per cent of the oil it pours into the ground.

But the department quickly encountered huge obstacles. For a start it had to gain right of way for its pipelines from the coast to the dome sites. "We have fought our way across the state of Louisiana inch by inch," said Mr. Parker.

Next, environmentalists objected to the DoE flushing the brine out into the sea. Even though it was salt water, they said inshore fish stocks would be harmed. So the DoE had to build a 14-mile pipe out into the gulf and install a $20m water monitoring system. Eventually, of course, all this water will have to be pumped back into the reservoirs to extract the oil, but the DoE hopes to cross that bridge when it comes to it.

One major setback was the loss of 80m barrels' worth of storage space because of collapses. There was also a fire in which one man died.

The Pentagon started buying oil under long-term contracts with the oil-exporting countries. But construction delays meant that tankers arrived off Louisiana before storage space was ready, landing the DoE with $7m in demurrage charges. In the end the Pentagon was told to buy oil on the spot market as and when it could be stored, even though this was more expensive.

Then came the Iranian crisis. The spot price rocketed, and it was too late to go back to long-term contracts. The reserve was caught both ways, so it was decided to stop buying altogether.

Initially, the urgency of the programme and spiralling oil prices forced engineers to give priority to filling the reservoirs, which is why there are still no pumps to extract the oil should it be needed right away. But following the public outcry over this, pumps are being installed which should be able to extract 1m barrels a day by September.

The reserve has about 244m barrels of storage space, about a quarter of the target, to be enlarged by a further 280m barrels shortly. But the final phase, bringing space up to 1bn barrels, is still in doubt.

Because of all the accusations of bureaucratic bungling, the DoE decided to contract the remaining work out to private enterprise, with broad specifications. The oil could be stored above or below ground, and in Canada and Mexico as well as the U.S. The trouble is that some members of Congress argue that the DoE should by now have learnt how to build a strategic petroleum reserve, and must finish the job itself. It has also been suggested that the oil industry should be made to store the final 250m barrels.

If and when the project is completed, the reserve will be able to supply the country with up to 4m barrels of oil a day—the volume lost in the 1973 oil crisis—at the flick of a switch. This is about a quarter of current consumption, and if used to the full would supply the country for 250 days—longer at slower extraction rates. This is a far bigger surge in output than could ever be achieved by the domestic oil industry.

Only the President will be able to authorise withdrawals from the reserve. However, several important questions remain. To whom will the oil be supplied? How will it be allocated? And, perhaps most pertinent of all, at what price will it be sold? At cost, at prevailing prices, or at some artificial price yet to be devised? All these questions are currently being studied by the Administration, and should be answered later this summer in a report to Congress.

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Australia in U.S. deal on uranium

By Our Sydney Correspondent

THE U.S. and Australia yesterday signed a bi-lateral nuclear safeguards agreement which covers any future exports of Australian uranium to America and specifically precludes the use of the uranium in atomic weapons.

Australia has also concluded bi-lateral agreements with South Korea, the Philippines and Finland. Last year Britain was on the verge of signing a safeguards agreement with Australia, but was forced to back off by Euratom, the European Common Market's atomic energy agency, over Australia's insistence on prior consent before the transfer of bought uranium to another user.

However, Mrs. Margaret Thatcher, the British Prime Minister, dismissed this problem as "only a technical legal difficulty" during her recent visit to Australia.

Although the Australian Government maintains that Australia's safeguards policy is one of the strictest in the world, the new agreement contains a significant watering-down from those previously negotiated.

The Government has dropped one of the "cornerstones" of its earlier policy, and will now allow uranium to be exported from Australia before the full force of International Atomic Energy (IAEA) safeguards is operating.

Third World continues to boycott GATT signature

BY BRIJ KHINDARIA IN GENEVA

THIRD WORLD countries appear determined not to sign the final document signifying agreement to the results of the Tokyo Round trade negotiations although the U.S., EEC and Japan have reached almost complete agreement.

Developing country diplomats here say they will continue their boycott begun on April 12 when the document was first opened for signature. Although the group of developing countries has not taken any formal decision to stay out of the Tokyo Round package in the present form, it has declared that the package does not meet poor nation needs and does not offer sufficiently favourable treatment.

A review of the package by the developing countries Group of 77 at a North-South conference in Manila last month did not issue any guidelines to group members but listed several elements which must be improved before "the final instruments relating to the multilateral trade negotiations (Tokyo Round) are adopted."

The industrialised countries indicated willingness in Manila to make slight changes in the package to take more account of Third World views. But subsequent negotiations in Geneva have reported little progress.

The developing countries want improvements in planned measures to cut tariffs and reduce non-tariff barriers to trade. Their main fear is that the Common Market will force them to accept new rules allowing it to curb imports from them to protect domestic industries without enough justification and without international surveillance.

However, some diplomats here expect that if the U.S. Congress approves the package on July 12 several developing countries, particularly Latin American nations, may break ranks with their colleagues to sign the final document.

Japan seeks new Saudi oil deal

TOKYO — The Japanese Government, concerned about possible cuts in crude oil sales by international suppliers, will try to buy oil from Saudi Arabia on a direct government-to-government basis.

It is understood that the Government proposal will be offered to the Saudi Arabian Government by Mr. Masumi Esaki, the International Trade and Industry Minister, who leaves this week for a two-week visit to Saudi Arabia, Iraq, Kuwait and the United Arab Emirates.

The Japanese, officials said, will call on Saudi Arabia to ship 94m barrels of crude oil every year in direct Government deals for ten years, starting in 1981.

Last year Japan imported a total of 505m barrels of Saudi oil, some 30 per cent of its total oil imports, and of which 126m barrels were dealt with by private domestic dealers such as major refiner-distributors and trading houses. The remainder was channelled through the oil majors.

The Saudi Government has no Government-to-Government contracts with Western industrialised countries, according to officials, and they said such a move would invite criticism from primary oil importing countries.

During the forthcoming trip, Mr. Esaki will hold talks with the Saudi Arabian oil minister, Sheik Ahmed Zaki Yamani, and the UAE oil minister, Mr. Mana Oteiba.

—AP.

Jump in overseas earnings from films

By Colleen Toomey

SCREEN AND Television films made a dramatic comeback in overseas earnings for Britain last year with a rise of £20m. to £94m.

By the year end, earnings from abroad exceeded expenditure by £34m compared with £29m the previous year, according to the latest Department of Trade statistics published today.

Film companies alone contributed £56m last year, increasing overseas revenue by 50 per cent on the previous year.

The bulk of this rise came from North America where sales of £26m more than doubled 1977 earnings.

North America also accounts for more spending by British film companies there than anywhere else at £25m, a rise of £8m on the previous year.

Television companies fared less well, increasing earnings from abroad by only £2m to £38m between 1977 and 1978 after a £17m increase recorded the previous year.

North American transactions, the most important area for television companies, accounted for over 45 per cent of earnings last year.

Stone-Platt in S. Korean textile machinery venture

BY RICHARD LAMBERT

STONE-PLATT is to establish a major joint venture in South Korea to preserve its position in an important and rapidly growing market for textile machinery.

South Korea is already rivalling the UK in spinning capacity, with the equivalent of 2.2m spindles compared with 2.5m in the UK, and South Korea has an ambitious programme for expansion of the textile industry.

Over the next five years it plans to double existing capacity by installing an additional half-million spindles a year. That will make Korea a major force in the world. India, for example, currently has around 20m spindles and Japan 12m.

At the same time, the Korean Government is intent on developing a domestic textile machinery industry. It has ruled that as from this year at least a fifth of new spindles to be installed must be of local manufacture.

Platt Saco Lowell, the Stone-Platt subsidiary which makes spinning machinery for natural and synthetic fibres, has an important position to protect in this market.

Japanese companies, led by Toyoda, account for the biggest share of spindles installed to date with as much as two thirds of the market. Platt claims to be well ahead of the field in second place with more installations than the French, German, Italian and North American competition put together.

Its textile machinery sales to Korea—including those of the Scragg division, which makes draw texturising machinery for synthetic fibres—have been running at around £10m a year recently.

For some time it has been clear that this position could not be preserved for ever by exports alone, and that the choice lay between a straightforward licensing arrangement or a joint venture.

In 1976 Platt considered setting up in partnership with Hyundai in South Korea, but the talks came to nothing, and Hyundai eventually joined with Marzoli of Italy in a venture that so far has apparently not been an outstanding success.

Then along came the SamWhan Corporation, a leading construction and engineering business with annual sales of around £150m and some 4,500 employees including 1,200 qualified engineers.

The group has no textile machinery interests at present, but has been keen to diversify into new branches of engineering. With the Korean authorities' blessing, it made the initial approach to Platt and the main negotiations took place towards the end of last year.

The SamWhan Platt Company is a 50/50 joint venture operation with an initial equity capital of £4m. It has a technology transfer agreement with Platt Saco Lowell—in effect, a licensing arrangement—and it will produce conventional spinning machinery of a type currently being manufactured by the UK company in Britain, the U.S. and Spain. Eventually the new company will be supplying around four-fifths of the machinery required to fill a cotton mill.

However it will not manufacture Platt's advanced open end spinning machinery—Platt says the demand is not sufficient to warrant local manufacture—nor will it be producing draw texturising machinery, of which the Scragg division is already the leading supplier to Korea.

The licensing agreement lasts for eight years, and for most of that time SamWhan Platt will primarily be accupied in supplying the domestic Korean markets.

However the deal does allow for exports to other Far Eastern markets during the period, and by the mid-1980s it could be that around a fifth of the new company's output will be exported.

Platt Saco Lowell has no formal commitment to pass on new technology to the joint venture beyond an undertaking covering any modernisation which may be required on the initial product lines.

Platt's employees in Lancashire have been given full details of the venture, and Sir Geoffrey Hawkings, Stone-Platt's chairman, said yesterday that they had accepted the idea in a responsible and realistic manner. "Over the years we have been able to see a direct relationship between investment overseas and increasing exports," he said.

Korean customers have already placed a number of orders with Platt in the UK in anticipation of yesterday's announcement which, the company believes, might not have been forthcoming otherwise.

In addition, there will be significant sales of components to the Korean company over the medium term. In year one, 1980, 80 per cent of SamWhan Platt's output will be based on components imported from Platt, worth £2m or £3m. The proportion will be down to 20 per cent by year five but the expansion of the business should leave Platt with around £2m of components sales to Korea.

Initial manufacturing costs will be higher than in the UK, but that is unlikely to be the case once production gets into full swing, and the hope is that the new company will break even by 1981. Around half a dozen expatriate staff will be employed in Korea during the early stages.

This is believed to be the biggest joint venture involving a UK company in Korea to date. But there is a lot more to come, to judge by the fact that British businessmen are currently calling on the Embassy in Seoul at a rate of about 2,000 a year.

Groups like Platt Saco Lowell, which currently makes 85 per cent of its sales outside the UK, are likely to find themselves becoming increasingly involved in joint ventures of this nature in the years ahead. This seems to be an inevitable consequence of the shifting patterns of world trade—and it raises obvious questions about the long-term shape of the UK's manufacturing base.

Saudi causeway progress

BY OUR OWN CORRESPONDENT

EIGHTEEN consortia have won the approval of the joint technical committee for the Saudi Arabia-Bahrain causeway project, but names will not be released until the committee's judgment has been ratified by the two Governments.

Mr. Ali Murad, Bahrain's Director of Works, said that a panel of experts in the U.S. and Europe was now meeting in Washington to evaluate the final design specifications for the tender documents. They will complete their report for discussion by the joint technical committee by the middle of this this month.

Mr. Murad indicated that if tender documents are issued in three or four months work on the causeway would start by the autumn of 1980.

Italy tube car deal

Breda Ferroviaria has won an order against international competition to build 94 underground railway cars for the Washington DC Metropolitan Area Transit Authority, AP-DJ reports from Rome. The contract is valued at \$77m (£35m). The company won a similar order in February 1978 from the city of Cleveland.

Smiths in U.S. deal

Smiths Industries has announced that McDonnell Douglas of the U.S. has awarded it a contract for the development of the head-up display for the AV8B advanced V/STOL aircraft for the U.S. Marine Corps. Smith Industries has already developed and produced head-up display and weapon aiming systems for major military aircraft projects including the AV8A, the Harrier, — — Sea Harrier.

Canadian ship talks

Canadian Government and shipbuilding officials have held preliminary talks with representatives of the Polish shipping industry in the hope of obtaining a C\$300m (£115m) shipbuilding order, Robert Gibbens writes from Montreal.

The order would be for 20 bulk carrier vessels, ranging from 8,000 tons to 25,000 tons. The talks so far have involved representatives of the Canadian department of Industry and Commerce, Marine Industries, Davie Shipbuilding, Saint John Drydock, and Upper Lakes Shipping and the Polish Steamship Company.

Ivory Coast TV

A co-operation agreement under which French concerns will set up a colour-TV and radio network covering all of the Ivory Coast has been signed in Paris, AP-DJ reports from Paris. Societe Telediffusion will act as engineering consultants and the equipment will be supplied by Thomson-CSF, the electronic arm of the Thomson-Brandt group.

Tunis receives loan

The World Bank and its affiliate, the International Development Association, have approved \$83.5m (£37.9m) in loans to five countries, AP-DJ reports from Washington. A \$28.5m World Bank loan to Tunisia will help finance new port facilities, and a \$25m IDA loan for Bangladesh will be used to fund fertiliser imports. Other recipients will be Togo, Tanzania and Cyprus.

GEC order

GEC Traction has received an order for electric propulsion equipment for a total of 200 power cars and 100 trailers for Victorian Railways. The vehicles will be made up into six-car trains and will operate on the 1500V dc suburban network around Melbourne. The traction motors are from the current GEC family of rapid transit motors of which some 1,500 are on order from Hong Kong alone and with others for several sectors of British Rail, the total order book is close to 4,000 machines.

Canada customs changes

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Government's Revenue Department is proposing to save millions of dollars and eliminate numerous customs forms by slashing the red tape that entangles Government officials and imports-export businesses.

The Revenue Department said yesterday that the Government move is retroactive to July 1 and will speed up the movement of goods into and out of Canada.

The changes, announced in a statement by Mr. Walter Baker, the Revenue Minister, are designed to affect 1.2m shipments a year by allowing commercial shipments valued at less than \$500 to enter Canada without entry permits or customs invoices.

Under previous regulations all imports required entry permits as well as invoices. Now the small shipment importers need only file what is described as a Casual Import Entry form, or form B-8.

Mr. Baker said brokers and agents now may act for importers. Previously they could not. Export declaration forms have been also eliminated for shipments worth less than C\$500.

Prestcold may be reprieved by takeover

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TECUMSEH, the Michigan-based compressor manufacturer, may be interested in buying Prestcold Holdings, including the company's two loss-making Scottish factories which are under notice of closure.

A team from the U.S. company led by its president and including senior engineering and production staff, visited the Glasgow factories yesterday. They had been to Prestcold's main centre at Theale, Berkshire, and will visit the air conditioning plant at Fareham, Hampshire, today.

This late move by Tecumseh, which has been associated with Prestcold for many years through licencing agreements, is the best hope so far for the salvation of the Scottish factories and some of their 900 jobs.

Since British Leyland put Prestcold on the market, more than 20 firms have expressed interest, but very few have wanted even to consider the Glasgow plants.

Leyland said yesterday that the four or five companies expected to make bids within the next few weeks have said they do not want the Scottish concerns.

Up to now, the only glimmer of light has been from another American company which looked at David Scott, the smaller of the two Prestcold Glasgow plants making valves and employing about 140 people.

The Government is anxious to see the plants saved and has offered financial assistance under the Industry Act to a private buyer to help towards any re-equipment and restructuring necessary. Help from the Scottish Development Agency might also be available if requested.

The Tecumseh team may see Government officials before flying back to the U.S. tomorrow to report to the Board. Even if the company does decide to buy it is unlikely to finalise a deal in time to prevent redundancies on September 7.

Ombudsman suggests planning law change

BY PAUL TAYLOR

REGULATIONS REQUIRING developers rather than local authorities to consult neighbours over planning proposals were suggested yesterday by one of the three local government ombudsmen.

Mr. Pat Cook suggests in his annual report for 1978-79, published yesterday, that developers should either have to certify that neighbours have no objections to a planning proposal or should have to fly a "visually striking pennant" showing that they have applied for planning permission.

Mr. Cook's comments follow detailed analysis of the complaints received by the ombudsmen. This shows that planning and housing matters still head the list of grievances against local authorities.

The annual report from the Local Government Commissioners for the year ending March 31 shows a 26 per cent rise in complaints referred to the ombudsmen.

There were 2,110 complaints lodged with the ombudsmen in 1978-79, compared with 1,684 in the previous year, and 61 per cent of these were about planning or housing matters.

However 1,899 complaints could not at first be dealt with, because they were made direct to the ombudsmen and not through local councillors. Only 44 per cent came through the right channels.

During the year, 315 investigations were completed compared with 277 in 1977-78. Maladministration causing injustice was found in 182 cases. Overall, maladministration was found in 58 per cent of the cases against 61 per cent in 1977-78.

Gas 'no saving' as motor fuel

By Maurice Samuelson

CALOR GAS, the UK's biggest supplier of liquefied petroleum gas, warned the private motorist yesterday against turning to gas as a cheap substitute for petrol but strongly advocated it for users of depot-based fleets.

The warning was by Mr. Carl de Camps, chairman of Calor Gas. The company has received more than 200 inquiries a day since the Budget about changing from petrol to gas.

Gas filling points are too few to ensure continuity of supply on cross-country journeys, and the average cost of converting a car to run on Calor Autoblend as well as petrol is £300, Mr. de Camps told a London Press conference.

Drivers would need to travel 40,000 miles on gas purchased at retail price to recover the cost of conversion equipment.

However, he recommended conversion to operators of 10 or more vehicles who could instal their own supply tank and who would be able to reclaim value added tax.

Among more than 20 companies running vehicles on gas are Securicor, Kodak, Littlewoods and the Automobile Association, also taxis in Cardiff, Cambridge and Southampton.

Calor Gas's tanker fleet uses diesel, although it is testing two 32-ton lorries on gas, which reduces engine noise and emits fewer toxic exhaust fumes.

There are about 200 gas depots for vehicles throughout the country, 150 of which supplied Calor Gas's Autoblend. Four are at motorway service stations, although that might rise to 18 by the end of the year.

Britain uses 1.3m tons of gas a year for all purposes, with only 30,000 for vehicle propulsion. That compares with 780,000 tons used on the roads in Italy last year, and 300,000 tons in Holland.

However, from 1981, associated gases from North Sea oilfields will yield 5m tons of gas a year, which should be sold in North-west Europe. A recent deal with the British National Oil Corporation will guarantee Calor an extra 150,000 tons over the next 30 months from the North Sea.

Reshuffle for Scots regions

BY OUR SCOTTISH CORRESPONDENT

A NEW review of local authorities in Scotland, probably leading to a re-allocation of functions between the regional and district councils, is to be initiated by the Government shortly.

Mr. George Younger, the Scottish Secretary, will announce within the next few weeks the setting-up of a committee to look at the local government structure and its performance five years after the last major re-organisation.

The new system, with all the main responsibilities except housing going to the eight powerful regional councils, has been severely criticised. The regions, although acknowledged as administratively efficient, have been accused of being remote and unresponsive.

Most attention has been focused on Strathclyde, the West of Scotland region based on Glasgow, which contains half of Scotland's population within its borders and most of the problems of urban and industrial decline.

Mr. Younger said yesterday: "We think the time is ripe after five years for a review of how our new local government system is working and we shall be making an announcement of the nature and scope of this review soon.

"I do not anticipate another vast re-organisation that would be very expensive and disruptive. I see some relatively minor changes which might come out of the review to make the system a little more efficient and to avoid some duplication."

Edinburgh Festival given £60,000 for new works

BY OUR SCOTTISH CORRESPONDENT

TENNENT Caledonian Breweries is to give £20,000 a year for at least the next three years to the Edinburgh Festival to enable it to commission and produce new works of music, theatre, ballet or the visual arts.

The festival, held every autumn, has been benefiting increasingly from industrial sponsorship.

Most companies prefer to be associated with established works of recognised prestige, such as the production of Carmen subsidised by British Petroleum two years ago, and the Dégas exhibition which the company is supporting this year.

Mr. John Drummond, the festival director, said yesterday that Tennent's move was "a brave one," since new work was always risky. It could guarantee to attract the critics, but not the public.

Ferry order for Harland

BY OUR BELFAST CORRESPONDENT

HARLAND AND WOLFF, the state-owned Belfast shipbuilder, has won an order for a fourth ferry for British Rail.

The ship, costing around £14m, will be used by Sealink on the Fishguard-Rosslare route. It will carry up to 1,000 passengers and 300 cars.

Three similar vessels for British Rail are on order with the shipyard. The fourth order was widely expected to go to Belfast in spite of a four-month building delay which has affected the delivery of the first ferry.

After the company disclosed a £21m loss for 1978 last month, Mr. Giles Shaw, the Minister responsible for industry in Northern Ireland, warned the workforce that productivity would have to improve if the shipyard was to have a future.

Price Commission backs dearer electricity

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

HIGHER ELECTRICITY prices, the use of more imported coal, and more centralised control of the electricity industry were among recommendations made yesterday by the Price Commission in its report on electricity price rises.

In spite of its imminent demise, the commission has lived up to its reputation for hard-hitting reports.

The commission originally decided to freeze, from April 1, a proposed 8.6 per cent domestic price increase. But after the Government decision to scrap the commission, it decided on May 17 to lift the freeze

Even after the price rises, the commission concludes, the area electricity boards may have difficulty meeting their current financial targets. In the current year the boards had planned for a profit margin of 2 per cent, on the assumption that the price increases would have taken effect from April 1. The commission points out that "although in each of the three previous years the boards in aggregate had exceeded the forecast profit levels, for a number of reasons they now seem unlikely to achieve the forecast for 1979-80."

The commission suggests the real need is for the industry to adopt inflation-adjusted accounting *methods to show its true* position.

Constraints

"Until a full current cost accounting practice is adopted, the reported profits of the electricity supply industry will also appear high," the report says. "There is likely to be a major difficulty in communicating this publicly and gaining the understanding of all concerned of the need for long-run marginal cost pricing, which will increase tariffs."

The commission says the constraints on adopting long-run marginal cost pricing methods are the price rises that would follow, and the level of alternative energy supplies.

Electricity prices are 5 to 10 per cent below the level they would reach if long-run marginal cost pricing was adopted.

"We believe that, in principle, LRMC is a sound basis for the pricing of electrical energy. The price of electricity is not currently at LRMC levels although the industry would like to achieve this by the mid-1980s. We are told that even without inflation, electricity prices would have to be increased by an additional 1 to 2 per cent per annum for about five years to reach this target," says the commission.

"It would not in any event be commercially practicable to achieve LRMC levels in electricity without there being real increases in the price of gas which is currently considerably below LRMC levels."

The commission believes electricity prices should not be considered in isolation from other energy supplies. "We feel that the UK's energy resources should be considered together, and their prices related to a coherent UK energy policy which ensures the optimum use of resources."

The commission says the standing charge — covering metering, billing, and collecting —should also be increased. "It has been estimated that this charge would need to rise by 50 per cent on average to be at the same discount from the cost-related level as the other elements of the tariff," says the commission.

Diversity

As well as its unusual step in concurring with the need for higher prices, the commission reverts to normality with criticisms of the electricity industry's structure.

The commission says that it found a diversity of views among area boards about the value of creating a Central Electricity Board, as proposed by the Plowden Committee report into the electricity supply industry. This board was proposed to take over the responsibilities of the Electricity Council, the Central Electricity Generating Board, and the area boards.

"No detailed studies appear to have been made to develop the propositions on organisation, or adequate quantification of the costs and benefits," says the commission. "Clearly such studies should be completed before final decisions are reached."

But the commission concludes: "The present loose structure of the council, the CEGB, and the area boards is not wholly satisfactory . . . . for effective control, there needs to be a more tightly structured organisation and greater measure of central control, particularly in the planning of supply and demand, the co-ordination of pricing and finance, and target setting and the monitoring of performance."

This criticism apart, the commission says the electricity industry is generally efficient with the exception of problems within the London Electricity Board. "We believe there is considerable scope for improvements within the LEB but there remain some major problems to overcome."

The commission feels some additional resources "may have to be allocated to LEB if optimum results are to be achieved."

The CEGB, argues the commission, could cut costs in four ways: importing more coal at a lower price; improving thermal efficiency; reducing delays on building new power stations (which would reduce costs by between 3 to 5 per cent); and a greater balancing of demand with capacity.

Reduction

"The potential savings on the CEGB's costs for 1979-80, arising from these main determinants, amount to a maximum of 6 per cent," says the commission.

This represents a reduction of 0.3 per cent on the retail price index, says the commission, which "would be insufficient to offset the increasing prices of fossil fuel if these continue at the rate of the past six years."

Mrs. Sally Oppenheim, Consumer Affairs Minister, yesterday pointed out the irony of the commission now favouring higher prices. She said the report had been drawn to the attention of Mr. David Howell, Energy Secretary.

The Electricity Council said last night that the "report does not appear to be very controversial. Its main conclusions justify our own views."

Price Commission investigation report No. 42, Area Electricity Boards — Electricity prices and certain allied charges. HC 132, £2.50.

State to pay for docks motorway

THE GOVERNMENT has approved tenders to build an extension to the M602 which links the M6 and M62 to Manchester and Salford Docks. Work will begin in the autumn and take two and a half years. The Government is to meet the total cost because of the road's importance to the national dock system.

CBI plea to save aid to regions

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry has appealed to the Government not to cut more than 10 per cent from its £500m regional aid budget because of the consequences for industrial development.

In a memorandum that calls also for the continuation of various forms of selective industrial aid, the confederation has told Sir Keith Joseph, Industry Secretary, that wide-ranging cuts in regional assistance might cause serious damage.

The CBI views have been sent to Sir Keith at a specially sensitive time in the Government's review of its industrial policies. Ministers in the Industry Department are meeting their counterparts in the Welsh and Scottish Offices and there is believed to have been pressure, resisted by Ministers with regional responsibilities, for bigger cuts in the regional budget.

Sir Keith hopes to make an announcement about regional and other forms of industrial aid this month.

On selective industrial aid, the CBI has told Sir Keith that the £150m Selective Investment Scheme, which closed for applications last weekend, should be extended in a limited form.

That accords with the views of Sir Keith, who is expected soon to announce £40m selective and regional aid for Dow Corning, a U.S. chemical company, to expand its silicone plant in Barry, South Wales.

The confederation has also said that existing aid schemes for individual sectors of industry should be continued, but that no new ones should be introduced.

On regional aid, the CBI strongly supports automatic regional development grants for projects in assisted areas because companies like being able to plan ahead, confident of aid. Those grants cost the Government £450m a year and are the prime target for cuts.

The Government is believed to be considering raising the bottom limits for projects qualifying for aid from the present £100 for plant and £1,000 for buildings to as much as £1,000 and £10,000. The CBI says that the figures should not be more than £500 and £5,000.

The Government is also thinking of severely trimming the size of assisted areas, which cover two-fifths of the UK, to concentrate aid in areas of greatest need. The confederation has opposed big changes and urged the Government not to exclude certain sectors of industry.

It also urges that the present percentage rate of grants, under which companies can recoup a fifth or more of the cost of plant and buildings, should not be cut, because it would end seven years of stability.

Peter Jay takes post on Economist

By Peter Riddell

MR. PETER JAY, the former British Ambassador in Washington, is to become a special consultant in the U.S. to the Economist Intelligence Unit in London and to the Economist Newspaper Group in New York. He will join the boards in the two centres.

The appointment will start on September 1 and will be part-time. No salary has been disclosed, Mr. Jay said.

Sir Claus Moser, chairman of the Economist Intelligence Unit's board, said yesterday the unit planned to expand its activities in the U.S., particularly into consultative work and seminars. Mr. Jay would be closely involved as an adviser, promoter and direct participant.

Mr. Jay, who was economics editor of The Times, is expected to spend about one day a week in his Economist post. He will spend most of his time writing a book on economic developments in the major industrialised countries as a guest scholar at the Brookings Institution in Washington.

May boost for housing

BY MICHAEL CASSELL

NEW HOUSING construction in May reached its highest point for six months, the Department of the Environment said yesterday. Work began on 19,300 homes, against 18,000 in April.

The May figure has not been exceeded since last November, when a start was made on 20,700 homes. In May 1978, a total of 25,100 homes was started.

But total starts in the March-May quarter were down 5 per cent on the previous three months and 26 per cent lower than during the same period a year ago, the department said.

Contractors completed another 19,400 homes during May, compared with 17,500 in April. The monthly total was the highest since December 1978 and compares with 24,000 a year earlier.

The volume of completions in the latest three-month period under review was running 7 per cent lower than in the preceding three months and 22 per cent down on March-May 1978.

The department also said yesterday that about 16,000 local authority homes were converted or improved during the first quarter of this year, compared with 18,000 in the same period 12 months before. At the same time, work began on nearly 2,000 properties for the use of the chronically sick and disabled.

Nuclear submarine by Vickers

VICKERS SHIPBUILDING of Barrow-in-Furness is to build the Royal Navy's 15th nuclear submarine at a cost of £125m, said Lord Strathcona, the Defence Minister, yesterday.

The submarine will be the third of the Trafalgar class. These vessels are designed for long endurance and high speed, to enable them to hunt and detect submarines and surface vessels.

British Shipbuilders, of which Vickers Shipbuilding is part, announced that it would display three important new naval designs at the Royal Navy Equipment Exhibition in Portsmouth in September.

Esso and ICI in naphtha wrangle

By Sue Cameron, Chemicals Correspondent

IMPERIAL CHEMICAL Industries and Esso are having an unprecedented public quarrel over supplies of naphtha, a vital raw material for petrochemicals production.

Esso has a contract to supply ICI with about 300,000 tonnes of naphtha a year, which is believed to represent just under 10 per cent of the chemical group's total annual requirement.

But the two companies cannot agree on the terms of the contract, which allows for price reviews every three months.

ICI says there is a "problem concerning our naphtha supplies from Esso UK, which is having difficulties in Europe in obtaining sufficient supplies of light oil fractions."

Esso claims, however, that ICI does not want to pay the price being asked. Esso says it would be able to provide almost all of ICI's normal supply.

"Price is the problem—not volume," Esso said yesterday. But it admitted that to supply ICI, it would have to buy in some naphtha from the Continent—presumably at high prices related to those on the spot market.

ICI, which is the only UK chemical company supplied with naphtha by Esso, said discussions about the contract were continuing, but the issue remained unresolved.

ICI has a 50 per cent stake in the Phillips Imperial refinery on Teesside. During the first half of the 1980s, ICI expects to obtain about 1.5m tonnes of naphtha a year from the refinery.

The naphtha will be obtained partly from ICI's own crude from the Ninian field in the North Sea and partly from bought-in oil.

It estimates that its total naphtha requirement over the next five years will be about 4m tonnes a year.

Merchant navy loses more UK sea trade

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITAIN'S DECLINING merchant navy last year lost more of its share of the country's seaborne trade.

According to the latest custom returns, the volume of UK trade carried by UK flag vessels slipped 3 per cent to 37 per cent. Ten years ago, the figure was 45 per cent.

Measured in tonne-miles, the loss was even greater, falling from 35 per cent to 29 per cent between 1977 and 1978. The reflected the UK fleet's reduced activity on former long-distance Empire and Commonwealth trading routes and increased reliance on shorter European routes.

A main cause of the UK-flag fleet's loss of influence is the reduction in the fleet size under the pressure of the shipyard recession. The tonnage of the UK owned and registered fleet has fallen 20 per cent in the last three years to less than 40m deadweight tons.

Some of this lost capacity has been replaced by foreign flag vessels chartered by British owners. In some cases, British owners have switched their tonnage to other flags in order to use cheaper crews. But this does not wholly explain the figures, which show that some of the countries whose fleets are gaining at UK expense are even higher-cost countries inside Europe.

On UK imports, for example, the Netherlands and France both showed an increase last year. The largest gain was made by Greek-flag ships, whose share by weight rose from 5.2 to 7.6 per cent. UK sea trade as a whole increased last year from 229m to 238m tonnes.

● Liberia continues to take second place in the carriage of UK seaborne trade, but its share has fallen steadily in the last two years to 13.4 per cent last year. The rising market share of other EEC shipowners indicates, to some extent, the pressures now being felt by UK owners to cut crew levels in order to compete.

The customs figures are published in Trade and Industry, the weekly magazine of the Department of Trade and Industry.

NCB borrowing limit up £400m

BY JOHN LLOYD

MR. DAVID HOWELL, Energy Secretary, has laid draft orders in Parliament to increase the National Coal Board's borrowing limit by £400m, and to set the level of operational grants this year at £175m.

The large sums are concrete evidence of the Government's often-stated support for the industry, but the laying of the Orders was expected. Indeed, the level of grants is somewhat lower than the board had hoped for.

The Coal Industry Act of 1977 set the borrowing limit at £1800m, which the NCB has now almost reached. The Act also provided for two further tranches of £400m, which would be available after Orders had been approved by Parliament.

The debate on the Orders should take place before the summer recess, since the board needs the extra cash to see it through the summer, when cash outflow is greater than income due to lower sales.

Besides this, the board's costs are rising faster than the rate of inflation, the past winter saw a serious loss of revenue, and its investment programme—which costs about £550m a year—is continuing.

The operational grant has been increased from £100m set by the 1977 Act to £175m. Last year, the overall grant was £170m, £70m of which was a social grant element. It is not yet known if a further element will be approved this year to cover social costs.

The operational grant may be used to promote the sale of coal to electricity boards, and will be used in part to finance stocks of coal and coke, and sales of coking coal, where the market is still depressed.

However, a one-off measure to finance sales of coal to the Central Electricity Generating Board, which was brought in last year at a cost of £20m, has lapsed, and is unlikely to be renewed while demand is strong. A subsidy scheme continues in Scotland.

● Mr. Anthony Deakin has been appointed director of production and productivity of the NCB.

Mr. Deakin, who was senior mining engineer in the board's North Derbyshire area, took up his post this week. He will be based at the mining department's Doncaster headquarters.

Warning over guesses in accounts

BY MICHAEL LAFFERTY

ACCOUNTANTS, under increasing pressure for forecasts, are beginning to build "future guesses" into accounts instead of basing them on historic costs, the profession's first public hearings on accounting standards heard in Glasgow yesterday.

The trend, according to Mr. J. A. W. Moir, a member of the accounting standards review committee of the Institute of Chartered Accountants of Scotland, carries risks for the profession.

He said: "Maybe some of these values will turn out not to be values at all."

The present accounting system, he said, was lost in "a wilderness of the past, the present and the future."

Mr. Moir was one of several speakers who called for work to start immediately on a logical basis on which all accounting rules could be constructed.

He supported suggestions that the profession should in the short term seek improvements in the financial reporting system.

Mr. David Smith, a partner in the accounting firm Arthur Young, McClelland and Moores, called for a complete overhaul of present standard-setting procedures.

He advocated an independent accounting standards board to replace the Accounting Standards Committee, which is controlled by the accounting bodies.

Under such a board would be a full-time committee to draft accounting standards in detail. He proposed a division "to investigate and report on prominent cases where standards appear to have been breached."

Mr. Tom Watts, chairman of the Accounting Standards Committee, said that the profession, the Stock Exchange and the Council for the Securities Industry would discuss such a proposal.

However, in spite of willingness to have a panel that might issue public statements about particular companies' unsatisfactory practices, there could be no question of enforcement.

Continued losses 'could close port of Bristol'

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE PORT of Bristol, which 15 months ago opened a new dock, could be forced to close if losses continue at the current rate, Mr. Stanley Turner, the port's general manager, said yesterday.

He was commenting in the port's staff newspaper on last year's £5.8m deficit on income of £17.3m.

The Royal Portbury Dock, plagued by labour troubles before and since its opening, lost £6.1m, after taking into account interest charges of £3.8m and depreciation of £1m. This meant that Bristol ratepayers were asked to contribute £2.9m towards Portbury's costs, Mr. Turner commented.

If such losses continued, the city and its ratepayers would be unwilling or unable to pay. "We would have to consider closing the port down."

Mr. Turner added that a profit of at least 1m a year was required from the Avonmouth terminal, against the £350,000 surplus of last year.

He blamed poor industrial relations for some of the port's problems, but the authority's annual report says the road haulage strike also had a serious effect. Traffic, at 4.36m tonnes, showed a slight increase on the previous year.

Norfolk Capital pays £1m for hotel complex

By Michael Cassell

NORFOLK Capital Group is to buy the 360-room Norbreck Castle Hotel in Blackpool, one of the largest hotel, conference and exhibition complexes in the UK.

Norfolk has managed the hotel since 1975 under an agreement which gave it a proportion of profits. It will pay £1m for the freehold of the 11-acre complex and £290,000 for fixtures and fittings under a new agreement with Cannon Assurance and Blackpool Borough Council.

It is estimated that an additional £100,000 will be earned annually after deduction of the interest applicable to the purchase.

American gains lease in former workers' co-op

By Our Industrial Editor

A FRESH STAGE in the saga of the former Kirkby Manufacturing and Engineering workers' co-operative was reached yesterday when a U.S. businessman bought some of the co-op's machinery and acquired a six-month lease on its Merseyside factory.

The deal was struck between the co-operative's liquidator, Bernard Phillips; the factory's owner, International Property Development; and Mr. Joe Epstein, a Californian machinery dealer.

It is understood that under the terms of the lease, Mr. Epstein cannot run a production plant in the factory. But he will be free to renegotiate the lease should he wish to do so later.

The factory's machinery was put up for auction by the liquidator a month ago, but the auction was halted on its third day when Mr. Epstein paid a substantial deposit against large presses and other machinery.

Impressionists fetch £8.3m at Sotheby's

SALEROOM

BY PAMELA JUDGE

SOTHEBY'S FINISHED its latest sales of Impressionist and modern drawings and watercolours in London yesterday, bringing the total to £8.3m, with £566,310 on the day.

The highest price was £33,000 for a pencil drawing of an old man with an umbrella by Van Gogh. Two Kandinsky's attracted £17,000 each, one a composition on a grey background and the other, which went to a Geneva buyer, a pen-and-indian-ink and watercolour composition. A pen-and-ink transfer drawing and watercolour by Paul Klee made £15,800.

Jewels sold through the same house fetched £152,623. A diamond Rivière collet-set went to Seymour at £17,000.

Sotheby's sold the J. B. Findlay collection of books on conjuring and allied arts for £23,445, with every lot sold.

At Christie's the main event of the day was a sale of old master and modern prints. Light, U.S., and a private English buyer were the highest bidders. A profile of a woman's head by Picasso fetched £48,000, and another drypoint by the same artist, Les Saltimbanques, made £22,000, both to Light. A woodcut, Zum Walde, and a lithograph, Die Sunde, Weibliche Aktfigur, by Munch went to the English buyer at £35,000 and £20,000 respectively.

Bonhams described the market for European oil paintings as "very buoyant" when reporting a total of £104,800 for its sale. A work by Joseph Farquharson went for £3,800, one by Nicholas Chevalier for £3,500 and a Dutch winter scene by Henri Cleenewerck £3,500.

English and Continental furniture under the hammer in the same rooms brought £67,150. A George III breakfront secretaire library bookcase in mahogany was the highest-priced lot at £11,000.

WIMBLEDON

BY JOHN BARRETT

Borg crushes Connors once more

PLAYING superhuman tennis, Bjorn Borg annihilated Jimmy Connors 6—2, 6—3, 6—2 in the Wimbledon semi-final yesterday.

The match was an almost exact repeat of last year's one-sided final, when the champion permitted his opponent exactly the same number of games. Yesterday, however, he accomplished his job of execution in three minutes less: 106 minutes.

In Saturday's final, Borg, who is quoted as 1-6 favourite, meets No 5 seed Roscoe Tanner, who beat unseeded Pat Dupre 6—3, 7—6, 6—3, in 103 minutes.

Connors played bravely and well, but he could achieve nothing against Borg's phenomenal skills. The 23-year-old Swede is on the brink of his fourth consecutive Wimbledon championship, a record in modern times.

Connors had no time or energy to spare for any of his usual histrionics as he strove to stem the flood-tide of shots which Borg forced past him. The champion struck 11 aces and countless winners past Connors's outstretched racket. He dropped service only once, in contrast to Connors, who lost his serve more frequently than he held it: seven against six.

The crushing defeat continued Connors's year of misery. He withdrew injured from the brink of defeat in the Colgate Masters, he was beaten in the WCT event in Dallas and knocked out of the French championships in the semi-final. After yestereday's match he did not even bother to change before being whisked away in a chauffeur-driven Mercedes.

Connors led briefly at the beginning of each set, but could salvage no more consolation from a humiliating afternoon on the sun-drenched centre court. Borg struck for the first of his service breaks in the fifth game, but it was a measure of the ferocity with which Connors contested every point that six of the eight games in the first set went to deuce and beyond.

Connors was broken for the second time in the seventh game when the baseline judge called a backhand "out." This prompted the American to hit a ball in the official's direction. Connors had a point to break back in the next game, only to put a backhand into the net. Borg took the set after 38 minutes by varying his awesome repertoire of ground strokes with the most delicate of dropshots.

In the second set, Connors managed to collect only one point from Borg's service during four games as the champion dictated the match from the back of the court. If Connors tried to charge the net he was passed remorselessly. The second set slipped away from him in the same time of 38 minutes when he struck a backhand well beyond the baseline.

Connors is never more dangerous than when cornered, and there was a flicker of hope for his supporters in the packed and appreciative crowd as he broke for the only time when Borg committed that rarity—a mis-hit back hand. Thus encouraged, Connors cruised through his next service game to love.

But the revival died there. Two more thunderous aces from Borg, followed by a drop shot, put the challenger in his place. Connors was broken again in the next game with an astonishing reflex shot from Borg, who changed direction in lightning fashion to pick up a net cord and put it away.

That, in effect, was that. Connors at least died in the only fashion he knows, attacking the net. But his charges bore the stamp of desperation and were punished accordingly. Serving to save the match, he put a forehand into the net and was then passed by scorching forehand and backhand shots. Borg needed only one match point as Connors struck a loose forehand well out.

It was Connors' third consecutive defeat this year at Borg's hands. Although he still leads 10—9 in their career record, he has won only three of their last 10 encounters.

This was Borg's 27th consecutive winning match at Wimbledon and Connors' third consecutive beating by the Swede there, the last two being in the 1977 and 1978 finals.

Afterwards Borg said "I just hope I play as well on Saturday as I did today."

Inevitably the Tanner v Dupre match was an anti-climax after the splendours of Borg's performance. It was dominated by big serving and the result revolved on two breaks of Dupre's serve in the eighth game of the first and third sets and the second set tie-break which Tanner won by 7—3.

Dupre had his opportunity to prolong the match when he had a break-point in the fifth game of the third set—only his second such chance in the match, but Tanner responded to the challenge in typically robust fashion, saving his service with successive aces, the ninth and tenth of the match.

This is a vastly improved Tanner from the one who contested the semi-final against Connors in 1975 and Borg in 1976. His serve is still as strong but his groundstrokes are hit with more top spin, more confidence, and with far more accuracy.

Overall, Borg leads Tanner 8-3 in previous meetings, and has won four and lost one against him in 1978.

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EEC sets terms for British Steel plans

BY ROY HODSON

A CAPITAL reconstruction of the British Steel Corporation, with some or all of its £767m long-term debt to the Government written off, would be welcomed by the European Commission. This was made clear yesterday by Viscount Etienne Davignon, the EEC Industry Commissioner.

Such a move was considered, and then shelved for more thought at the time of the 1978 steel crisis, when the Corporation's losses touched £1.5m a day. It is being given further consideration, and may come next year.

Speaking at the National Union of Blastfurnacemen's conference in Torquay in the presence of Sir Charles Villiers, BSC chairman, Viscount Davignon spoke of the conditions on such a write-off of debts.

These were that it should be limited in time and extent so that it did not become an open-ended form of subsidy. It should be applied in conjunction with reduction by British Steel of excess steel-making capacity so that the industry would not continue to own more plant than it could utilise.

A capital reconstruction should be carried out openly. "It must be transparent, so that everyone knows what is being done."

Subsidies to industry, such as relief from old debt burden, should not be outlawed by the Council of Ministers so long as such relief helped bring about industrial change.

The present indications are that the Government would be prepared to allow a capital reconstruction with the object of cutting British Steel's annual interest bill of around £200m by at least half.

The fixed assets of the corporation are being revalued to prepare the ground for some of the debt to be written off. British Steel takes the view that it has more steel-making plant than it can ever reasonably expect to utilise.

Its long-term borrowing comprises £767m from the Government and £779m in foreign loans.

This year the Corporation is paying £102m interest to the Government on long-term loans, £86m interest on long-term foreign loans, and £8m on other long-term loans. Its interest on short-term borrowings this year will be about £17m.

● Viscount Davignon intends to develop the next stage of his plan for reconstruction of European steel by asking the European Commission to set parameters for maximum and minimum levels of steelmaking in all member countries of the Community.

But national steel industries will be expected to arrange their own programmes for steelworks closures to meet the levels set by Brussels.

A committee of Eurofer, the European steelmakers' organisation, is working to produce an agreed closures programme.

VISCOUNT ETIENNE D'AVIGNON, EEC Commissioner for Industrial Affairs

Russian card imports 'hitting UK makers'

BY MAURICE SAMUELSON

BRITISH Christmas card manufacturers, whose profits are being cut by imports from the Soviet Union, *claimed yesterday* that this year's Soviet selection, now on sale through wholesalers, contains no imprint stating the country of origin. They added that Soviet-printed birthday cards are likely to be *introduced here later this year.*

British makers of cheaper Christmas cards took issue with the claim of Fine Art Developments, a leading UK card producer, that Soviet imports were "of little consequence."

Castle Publishing of Preston, Lancashire, said its sales this year were down by £80,000. Before Soviet cards appeared last year, sales had been rising by 10 per cent a year. Selective Prints, of Bradford, Yorkshire, *said it expected* 108m *Soviet* cards to be imported this year, compared with 36m last year. They would have a big impact on supermarket sales, estimated at 400m. UK manufacturers could compete in price only by *lowering quality.*

The controversy, brewing for more than a year, was renewed on Monday. Mr. Robert Atkins, Conservative MP for Preston North, secured a pledge from Mr. Cecil Parkinson, Minister *of State for Trade, that his* department would investigate the charge that Soviet Christmas cards were being dumped here to raise sterling to finance Soviet purchases of American computer equipment.

European Greetings, which imports the Russian cards, yesterday denied that they are being dumped on the UK market, and claimed that UK manufacturers were undercutting the price of the Soviet cards.

The connection with Soviet purchases of Western computer equipment was admitted by the Minneapolis-based Control Data Corporation, one of whose subsidiaries, the Vienna-based Commercial Trading Company, sells the Russian cards to European Greetings.

The corporation claimed that some of the sterling earned in this arrangement helped to finance Soviet purchases of computer equipment made in the UK, where the corporation has four joint computer ware ventures.

Oil pollution threatens Windscale water

FINANCIAL TIMES REPORTER

BRITISH Nuclear Fuels' Windscale plant has had to switch to an alternative water supply after vandals contaminated a West Cumbrian river with 16,000 gallons of diesel oil.

The vandals opened taps on diesel oil storage tanks, owned by the North West Water Authority. The oil drained into the River Keekle which flows into the Ehen, from which the Windscale plant draws general site cooling water.

The alarm was raised in time to prevent oil getting into the plant's pumps, and booms were dropped into the contaminated water to seal off the pollution. About 4,000 gallons of diesel oil have already been pumped from the river.

British Nuclear Fuels said it was able to switch to an alternative source of water and that *the pollution had not affected* water supplies to its reactors, which are served by a separate supply from Wast Water.

It said that the vandalism was not directed against the corporation as the drained diesel storage tanks were many miles away from the plant.

The oil, however, is still a threat to animal life in the River Keekle, one of West Cumbria's best sea trout rivers.

Alderney rejects plan for marina

PLANS to build a 400-berth marina and a 200-bed hotel at Braye Bay, Alderney, have been rejected by the island's Parliament.

Opposing the development application by Henry Boot Construction of High Wycombe and Channel Island Granite of Halifax, on the grounds that it was too vast a project for so small an island, and that the states of Alderney had insufficient information before it, Mr. John *Winkworth, vice-president, said* 400 boats arriving in Alderney would be the equivalent of 11,000 arriving in Guernsey.

He said the building committee threw out the hotel plan last year.

European group launches small business study

FINANCIAL TIMES REPORTER

A study of the impact of taxation on family businesses has been launched by a European Centre-Right political body, the European Medium and Small Business Union.

The research is being undertaken by the Conservative Small Businesses Bureau, represented in EMSU by Mr. David Mitchell, Parliamentary Under-Secretary for Industry.

The study will be based on an economic model of a small engineering components business employing about 50 people, with 10 shareholders, a "typical family business," according to EMSU.

It is the first time a study of family businesses in Europe has been undertaken, and follows an EEC investigation into harmonisation of Value-added Tax. The organisation believes *the family business economic model results will play a role* in a general move towards harmonising basic taxation throughout the EEC.

The conclusions of the report will be presented at senior Government level in 17 member countries. Sir Geoffrey Howe, Chancellor of the Exchequer, will be asked to study the report well before planning the 1980 Budget begins.

Inquiry rejects claim of IRA cash deal

BY OUR BELFAST CORRESPONDENT

AN INVESTIGATION into spending on public authority housing in Northern Ireland in the mid-1970s has found no evidence to support the allegation that the Government connived with the Provisional IRA to provide jobs for ex-detainees in an effort to maintain a ceasefire.

However, the investigating commission was satisfied that one public contractor, under pressure, paid an estimated £5,000 to the IRA. There was also uncorroborated evidence suggesting direct payments to the IRA by some of the labour force.

The comission, under Judge Rowland, was appointed last year to look into allegations from MPs and others that large sums of public money had reached IRA hands through the placing of contracts in West Belfast by the Northern Ireland Housing Executive.

Its report, published yesterday, said that £800,000 was overspent on housing rehabilitation. Although some of that might have found its way indirectly into IRA coffers, most of the excess spending arose from the use of an inappropriate contract, inadequate spending controls and low productivity.

It found no truth in the allegation that work was awarded to building companies employing men formerly interned, as part of a deal between the Government and the IRA to secure the ceasefire in 1974-75.

Mr. Humphrey Atkins, Ulster Secretary, emphasised that the commission had not found that any money was paid directly from public funds to the Provisionals. The Government took a serious view of the waste of large sums of public money.

Mr. Atkins proposed to ask the executive, which comes under the Northern Ireland Department of the Environment, urgently to review its management controls and the the effectiveness of its internal audit.

He wanted a thorough examination of the executive's arrangements where members of its staff had family, personal or business relationships with contractors.

● Mr. Philip Goodhart, Northern Ireland Under-Secretary, told the Commons yesterday that control over housing spending in Northern Ireland is to be tightened.

Report of the Investigatory Commission into Northern Ireland Executive Contracts (Stationery Office, £2.50).

Education post

SIR GEORGE SINCLAIR, former Tory MP for Dorking has been appointed chairman of the Association of Governing Bodies of Public Schools. He *succeeds Lord Belstead, now* Under-Secretary of State at the Home Office.

CONTRACTS

Jet target project for Flight Refuelling

FLIGHT REFUELLING, of Wimborne, Dorset, has won a contract from the Ministry of Defence to develop a pilotless jet-powered airborne target for gunnery and missile training for the armed forces.

The contract, initially worth about £1.5m, could lead to production orders worth several million pounds. Associated with Flight Refuelling in the venture is Marconi Avionics, which will provide the control system for the craft, and Ames Industrial (part of the French Microturbo group) which will supply the small jet engine.

Called the ASAT (Advanced Subsonic Aerial Target), the craft is initially intended for training against low-flying ground-attack aircraft. Flight Refuelling believes that other NATO armed forces may be interested in the craft.

The craft may be developed in the future for other uses such as battlefield surveillance. It *might also* be the precursor of a UK-developed Cruise Missile.

Flight Refuelling, which has spent many years developing aerial target systems, won the contract in the face of tough competition from British Aerospace *and* Short Brothers and Harland of Belfast.

The company was founded by the late Sir Alan Cobham to develop the principle of in-flight refuelling. It has diversified into light engineering, including provision of specialised components for the nuclear power industry and for defence purposes. Its present chairman is Mr. Michael Cobham.

★

COMPUTER MACHINERY COMPANY is supplying a 12-terminal Reality Royale mini-computer/management information system, worth £121,000, to ICI's petrochemical division, Wilton, Teesside.

★

BALFOUR BEATTY CONSTRUCTION has won a £3.7m Department of Transport contract to build a viaduct carrying the M25 over the River Wey navigation canal and the London-Woking railway at New Haw, Weybridge, Surrey. Work is expected to start shortly and should be completed in about two years.

★

FORD AND WESTON has been awarded a contract worth £2.1m to build a community college at Beaumont Leys, Leicester, for Leicestershire County Council. The company *has also won a contract* to extend St. Edwards School, Cheddleton, at a cost of £263,000, for Staffordshire County Council.

★

J. Sainsbury has placed a £2m contract with COSTAIN CONSTRUCTION to erect and fit out a supermarket, a two-storey office block and two shop units in Lancaster Road, New Barnet. Work should be completed in October, 1980.

★

BURROUGHS MACHINES has won a £1.25m order from Lloyds Bank to supply 500 document encoders for installation at branches throughout the country. This follows a joint development project for further automation of cheque-clearing equipment.

★

Catering and associated facilities worth £750,000 are being installed on the semi-submersible Treasure Finder by OFFSHORE *CATERING SERVICES for* Shell (UK) Exploration and Production. The vessel will be used as central accommodation for 400 men on Brent Field platforms.

PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL BILLS

The Buckinghamshire County Council issued on 5th July, 1979, £6m Bills due 4th October, 1979. Tenders totalled £51.5m. £2m of the issue was made at 13 [illegible] and the remainder at 13 25-64ths [illegible]. There are no other Bills outstanding.

Healey attacks 'madhouse economics'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE IS a high risk that the OPEC countries will decide on a further increase in oil prices when they meet again in three months time, Mr. Denis Healey, shadow Chancellor of the Exchequer, predicted in the Commons last night.

In these circumstances, he thought it essential that the West should quickly start a meaningful dialogue with the OPEC countries to prevent this happening.

A structural dialogue was the only way of achieving long-term stability in the price and supply of oil, he maintained.

The shadow Chancellor also urged that the EEC countries should take a lead in pressing the International Monetary Fund to develop an official mechanism for coping with the acute problem which would arise over the recycling of OPEC surpluses.

Mr. Healey was speaking in the general economic debate that traditionally takes place when the regulator clause of the Finance Bill is considered during committee stage.

Once again, he lashed out at the Government's Budget strategy, describing it as "the economics of the madhouse."

He was particularly scathing about the Government's determination to go ahead with the increase in petrol duty on top of the unavoidable OPEC increases.

Mr. Healey complained that the Tokyo communique seemed to be essentially relying on a fall in the rate of economic growth in the countries concerned to achieve the five per cent reduction in the use of oil.

Yet there was no guarantee that such a cut would limit the power of the OPEC countries to increase prices even further.

"It seems to me we desperately need to open a structural dialogue between the oil consumers and producers for long term stability in the price and supply of oil," he declared.

There had been an earlier opportunity in 1974 but it could not be seized because the U.S. Administration had insisted that the play of free market forces would solve the problem.

At that time, Prof. Milton Friedman, the apostle of monetarism, predicted that the OPEC cartel would collapse if it tried to keep prices at $10 a barrel.

The shadow Chancellor agreed that it would be very difficult now to make any agreement stick with OPEC. In any dialogue, the oil producing countries would certainly raise other political problems concerning the Middle East and Africa.

"Nevertheless, I believe it is essential that we should try to develop a dialogue if we are to achieve any long term stability in the price and supply of oil," Mr. Healey insisted.

Mr. Healey said there was very little evidence that the increase in the price of oil duty would have more than a short term effect on the demand for petrol.

"What the Government is doing is inflicting a gratuitous further increase in industrial costs and inflationary pressures," he said. "The increase in the tax on oil is bound to be counter-productive."

There was a danger, he warned, that the OPEC countries would seize on this as an excuse to put up their prices still further, on the grounds that Western countries appeared able to afford the increase.

It would be better to follow the example of Germany and offset the price rise by cutting the annual road fund tax on motor cars and thus softening the impact on the Retail Price Index.

The increase in oil prices in 1973-74 had led to the worst world recession since the 1930s but many observers believed that this time it could be even worse.

It would be very unwise to assume that the OPEC countries could mop up their additional oil revenues as fast as they had last time.

There was, thus, a very high risk of currency instability.

"In this situation, it would be vital that the IMF should develop an official mechanism for coping with the problem of recycling OPEC surpluses," he declared.

The EEC countries should take a lead in this. There had been no sign at the Tokyo summit that the countries represented were even aware of the problem let alone having any intention of dealing with it.

We had to get a policy on the surpluses at the annual meeting of the IMF in Belgrade this October at the latest. "If we miss the chance we would have to wait another six months and by that time the problem would be much more difficult."

Turning to the domestic economy, Mr. Healey asked whether the Government believed any longer that Britain would be able to increase exports by 5½ per cent in the current fiscal year. If so, then it was alone in this belief.

There would be lower growth in world trade, he said, and Japan would be attempting to step up its exports to Britain and Europe in an effort to offset this.

Some experts were predicting a big fall in output from the British economy yet the Government was adding self-inflicted wounds by its Budget policies.

To keep the growth of sterling M3 at 9 per cent when an 18 to 20 per cent inflation rate was being predicted for later this year would subject the economy to a "vicious squeeze."

"The astounding thing about this Government is that it is using higher indirect taxes to push prices up and then using higher interest rates to bring prices down," he commented.

Riddell praised

MR. DENIS HEALEY, shadow Chancellor, yesterday paid a compliment to Peter Riddell, the Economics Correspondent of the Financial Times. Speaking during the committee stage of the Finance Bill, he commented on Mr. Riddell's ability to know what the Treasury was thinking.

"He's got an extraordinary talent, that young man," said Mr. Healey.

THE QUEEN—in her capacity as Lord of Man—in the Isle of Man for the millenium celebrations of the Tynwald, the Manx Parliament.

Building societies urged to hold mortgage rates

BY IVOR OWEN

BUILDING SOCIETIES were urged to use their reserves rather than raise mortgage interest rates. The Prime Minister, speaking in the Commons yesterday, ruled out direct Government intervention.

But she left no doubt about her anxiety about the damaging political consequences if home-buyers were to find the benefits provided by the income tax cuts made in the Budget nullified by an increase in their monthly mortgage repayments.

Mrs. Thatcher emphasised: "I hope that the building societies will think long and hard before they make any suggestion to raise the present mortgage rates."

Mr. James Callaghan, the Opposition leader, suggested that the Government should consider advancing public money to the building societies on a temporary basis to help them overcome their present liquidity difficulties.

The Prime Minister, however, pointed out that their reserves were "very, very substantial."

Amid cheers from Labour MPs, Mr. Callaghan called on Mrs. Thatcher to think again.

If there was a choice between the societies not using their reserves and mortgage interest rates going up, the Government should put its political prejudices aside and advance the money.

"The Government is looking like a lot of Charlies in relation to their monetary policy," he declared.

Mrs. Thatcher reaffirmed the Government's determination to pursue a firmly controlled monetary policy.

She asserted that the intention of Mr. Denis Healey, the former Labour Chancellor, to do the same had "slipped" just before the general election, leaving the incoming Government to take remedial action.

After again pointing to the very substantial reserves held by the building societies, she insisted: "I think it is for them to consider using some of them first."

One of the most consistent advocates of the free market economy on the Government back benches, Mr. Nicholas Budgen (C., Wolverhampton S.W.) asked the Prime Minister to confirm that the Government had no legal authority for interfering with the rates of interest which were either charged or received by the building societies.

Mrs. Thatcher agreed that this was "absolutely correct."

Relaxed exchange controls hint

BY IVOR OWEN

EXPECTATIONS that the Government may soon take steps to authorise a further relaxation of exchange controls were heightened yesterday by comments made by the Prime Minister in the Commons.

Replying to questions from the Opposition back benches about the effect of the growing strength of the pound, she twice highlighted the case for taking such action.

Calling for a reconsideration of the Government's exchange rate policy, Mr. Robert Sheldon (Lab., Ashton-under-Lyne) former Financial Secretary to the Treasury, stressed the extent of the fall in the price of imported manufactured goods since the general election and the consequent disadvantages for British industry.

The Prime Minister replied that account should also be taken of the other aspect of the Government's policy—the rising value of the pound kept down the rate of inflation in Britain.

She told Mr. Sheldon: "You are making a very good case for relaxing exchange controls."

Mr. Dafydd Wigley (Plaid Cymru Caernavon) received a similar answer when he complained that as a result of the Government's exchange rate policy increasing the cost of British exports a firm in his constituency had been forced to close down.

Final touches put on MPs' pay proposals

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT was last night finalising details of its revised proposals on MPs' pay, in the hope that they would satisfy both the demands of MPs and avoid a serious loss of face for Ministers.

The motion, to be published today, will be debated by MPs on Wednesday. Last night, signs were that it would probably get the proposals through if the Government did not spring any last-minute surprises.

The Government's relief at avoiding an embarrassing confrontation with its own back benchers may, however, be tinged with the irritation of being accused by the Opposition of having had to climb down.

Labour MPs were beginning to mutter yesterday that this was only the first of a series of Tory U-turns.

The subject has been of all-consuming interest to back benchers since the Government unveiled two weeks ago what most MPs regarded as a totally unsatisfactory three-phase time scale for their increase.

It was thought last night that the Tory and Labour back benchers' leaders had together persuaded the Government to come to an acceptable compromise, giving MPs a bigger increase immediately than originally proposed, together with some guaranteed protection against inflation for the later stages.

Parliament business next week

COMMONS

Monday, Tuesday: Committee stage of Finance Bill. Motion on Customs Duty (Personal Reliefs) Order.

Wednesday: Ministers and Members' Salaries, Allowances and Pensions.

Thursday: Remaining stages of Education Bill.

Friday: Private Members' Bills.

LORDS

Monday: Northern Ireland Act (Interim Period Extension) Order 1979. Northern Ireland (Emergency Provisions) Act 1975 (Continuance) Order 1979. St. Vincent Termination of Association Order 1979. Britain's contribution to EEC Budget.

Tuesday: Rhodesia Debate.

Wednesday: British economy debate.

Thursday: Pensioners' Payments and Social Security Bill, all stages.

Tories plan union changes this year

BY IVOR OWEN

IT IS STILL the Government's hope that the promised legislation on trade unions will be brought before Parliament before the end of the year.

This was made clear by the Prime Minister in the Commons yesterday when she endorsed the need to encourage key votes by trade union members—whether involving strike decision or the election of union officials—to be conducted by secret postal ballot.

She was replying to Mr. Jocelyn Cadbury (C. Birmingham Northfield) who maintained that the use of secret ballots would improve industrial relations in Britain.

He suggested that the Bill—which will provide financial aid for unions which use postal ballots, restricts secondary picketing and ensure compensation for workers who lose their jobs as a result of the operation of the closed shop—should be brought forward as urgently as possible.

Concerning the Government's commitment to introduce the Bill, the Prime Minister declared: "We believe that trade union members should be able to register their votes secretly as is done when we vote in Parliamentary elections."

There were cheers from the Tory benches when Mrs. Thatcher brushed aside an attempt by Mr. Martin Flannery (Lab. Sheffield Hillsborough) to equate the pay claim decided by the National Union of Miners' conference in Jersey earlier in the week with the situation faced by Mr. Edward Heath when he was Conservative Prime Minister in 1973.

"Can you learn from the NUM the lesson which he failed to learn?" he asked.

The Prime Minister replied that the NUM would negotiate with the National Coal Board.

● The TUC yesterday launched a campaign against proposals in the Conservative Government's Education Bill to halt the movement towards comprehensive reorganisation of secondary education.

Mr. Len Murray, TUC general secretary, said: "The General Council is fundamentally opposed to the Conservative Government's new Bill. A statement is being issued which is intended to serve an important part of the TUC's overall Campaign for Economic and Social Advance."

The statement, setting out in detail the TUC's opposition to the Government's measure is being sent to TUC regional councils, county associations of trades councils and trades councils. The TUC will seek the support of parents and teachers.

International arms links discovered

LINKS between the Irish National Liberation Army—the group which claimed responsibility for the death of Airey Neave—and other international guerrilla groups have been discovered, Humphrey Atkins, Northern Ireland Secretary, told the Commons yesterday.

Mr. Atkins said that the INLA's links with international groups had influenced the Government's decision earlier this week to ban the group.

"There are indications that the INLA is in concert with other terrorist groups throughout the world and that did influence what we decided to do," said Mr. Atkins.

Mr. Atkins said arms for the Irish groups came exclusively from overseas. There was evidence that "substantial numbers arrived in Northern Ireland by land rather than sea."

Troops allocated to the border areas had already been significantly increased. "I have agreed with Ministers in the Republic of Ireland that the combined efforts of our two countries' security forces in these areas can be and must be improved. We shall follow this up with determination," said Mr. Atkins.

Mr. Atkins said the Irish Republic had expressed willingness to enforce the Criminal Law Jurisdiction Act, provided evidence was forthcoming from the North to enable them to enforce it.

Mr. James Kilfedder (UU Down N) said Ulster people were "sick of the fruitless talks between Westminster and Dublin." He called on the Government to "force" action to end terrorism.

Mr. Atkins said: "I too am sick of this and wish to do anything I can to bring it to an end."

● A new move to tighten up control over housing spending in Northern Ireland is planned by the Government, Philip Goodhart, Northern Ireland Under-Secretary announced in the Commons yesterday.

It follows yesterday's findings of an official report on the Northern Ireland Housing Executive which says the executive overspent by about £800,000.

A commission headed by Judge Robin Rowland refuted claims that some of the money had gone directly to the Provisional IRA.

But Mr. Goodhart said at question time: "The report shows substantial sums of public money have been wasted."

Action had already been taken to correct the errors and further action to tighten up housing spending in Northern Ireland would follow.

It was also plain from the report that some of the money had probably found its way indirectly into the hands of para-military groups, and the Government planned to prevent this happening again, said Mr. Goodhart.

But the police had found no evidence to justify charges against any of those involved, he told The Reverand Robert Bradford (OUP Belfast S).

"It is absolutely wrong that any public funds directly or indirectly should be paid to para-military organisations and we intend to take firm action to see it never happens again," he said.

Post Office engineers seal rapid 16% deal

BY JOHN LLOYD

THE POST OFFICE has agreed pay rises with the 126,000 members of the Post Office Engineering Union averaging 16 per cent on basic pay and supplements.

The agreement, reached fairly rapidly, is being seen as a trailblazer for more protracted negotiations between the corporation and its other unions.

It includes a nine per cent basic rise and increases of about seven per cent related to efficiency.

The latter comprise a union agreement to co-operate on all aspects of modernisation in telecommunications and acceptance of a business-wide pay "spine" to which all telecommunications staff pay will be related.

The "spine" is a concept that the corporation has for some years been keen to introduce and is a transitional stage towards a substantial reconstruction of grades throughout the business.

The Post Office has been burdened with a grade structure inherited from its days as a Civil Service department, which are not generally related to business tasks.

It also wants a common pay settlement date for all its seven unions. At present, the pay round stretches from January to July.

The Union of Post Office Workers agreed an interim settlement of 10 per cent this year on the understanding that it would return for a final settlement once the corporation's "going rate" was clear.

It is certain that the engineers' 16 per cent will now constitute that rate, and that the UPW will seek at least a further 6 per cent rise to top it up to the engineers' level.

Meanwhile, the postmen are negotiating with the corporation on improvements to productivity, most of which were in a deal rejected by the union and described then by Mr. Tom Jackson, the UPW general secretary, as "phoney."

The Post Office is adamant that the deal was genuine. However, it must convince the UPW that its "topping up" element should be related to productivity measures that Mr. Jackson rejects.

● Some £400m of telephone bills have been held up because of action by computer staff. Computerised bills outstanding total about £600m, but £200m has been recouped by manual bills.

The telecommunications business is still borrowing £5m a day on average from the postal business, and has as yet no need to look elsewhere for loans.

Times: NGA 'optimistic'

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS of the National Graphical Association agreed yesterday that proposals from Times Newspapers management offered a basis for continued negotiations which they hope will lead to a resumption of publication of the company's suspended newspapers.

The union's national council met yesterday to consider a document handed to print union general secretaries on Wednesday in which the company detailed the conditions under which it would be prepared to resume production of The Times, the Sunday Times and the three Times supplements.

Mr. Joe Wade, general secretary, said afterwards that the national council had studied the company's document and decided that it provided a basis for further negotiations. There were some items in the document with which the union did not agree, but the management have said that they will look at these."

There was, said Mr. Wade, a lot of negotiating still to be done, but he was "fairly optimistic" that this would lead to republication of the newspapers, which have not appeared since November 30.

The document outlines the company's requirements in areas like disputes procedure, harmonisation of production staff, working hours and introduction of replacement equipment, which must be met before it will resume publication.

Tomorrow Mr. Les Dixon, NGA president, will address a meeting of the union's 600 Times Newspapers members. On Tuesday there will be further talks between the management and unions at company level, and on Friday the print union general secretaries meet to seek a common approach to the forthcoming negotiations.

More than 3,000 Times Newspaper staff were dismissed after publication was suspended and the conditions of their re-employment is one of the issues which will be discussed.

The company still has to reach new agreements with some sections of staff, but it is now accepted that provided sufficient progress is made some negotiations could continue after re-publication.

The introduction of new computer-based typesetting is no longer a barrier to re-publication. Talks aimed at resolving the issue are intended to be concluded in the next 12 months.

Strike threat facing Britain's defences

BY GARETH GRIFFITHS, LABOUR STAFF

BRITAIN'S defence capabilities may be affected by lightning strikes at key installations. The action would be taken by Government technicians in pursuit of a better pay offer for scientific, professional and technical grades in the Civil Service.

The Institution of Professional Civil Servants is planning the action unless there are moves to settle its claim. Mr. Bill McCall, its general secretary, said yesterday that there was a mounting danger to Britain's security but the institution was determined to win its claim.

The union again stepped up its industrial action this week. Coin production at the Royal Mint at Llantrisant, maintenance services at the Houses of Parliament, computer centres at Hastings and Cumbernauld, the Ministry of Defence communications centre at Whitehall and the naval dockyards at Devonport, Rosyth, Chatham and Portsmouth, have all been affected.

The dispute has also hit the production of Hansard and work at Royal Ordnance factories.

Mr. McCall said the effects of the IPCs action next week would be extensive and dramatic. It had been careful not to hit defence capability, but this was a serious fight.

He said the union was not prepared to go to arbitration, after the non-implementation of an earlier award.

The union is annoyed about an incident at Devonport dockyard yesterday when 21 members were sent home by the Ministry of Defence for working to rule. This followed a statement earlier in the week by Vice-Admiral Sir Peter Berger to union leaders that he was "no longer prepared to tolerate" actions "aimed at approaching a situation not far removed from anarchy."

The civil servants were sent home after refusing to sign an undertaking that they would work normally. The union then called a token half-day strike by 150 civil servants at the dockyard, which refits nuclear submarines. Thirty tug and engineering officers have also started an indefinite strike at the yard, which it is claimed, will prevent most Royal Navy ships at Devonport from going to sea.

Mr. McCall said the attitude of the vice-admiral was "Victorian." He added: "If this is the attitude of the Services and they want a fight, we shall oblige them. It is quite clear that this lock-out is an attempt to bankrupt our union."

Sir Ian Bancroft, Head of the Civil Service, in a letter to the Home institution, said the dispute over the pay claim for professional and technical grades should go to arbitration as soon as possible. The Civil Service Department remained ready to negotiate on the science group as a matter of urgency.

Moves to stop Chrysler engines strike

A MOVE to avert a damaging strike from Tuesday at the Chrysler engines factory, Coventry, began yesterday when outside "peacemakers" met senior management.

The private talks in Birmingham involved officers of the Advisory Conciliation and Arbitration Service, union officials and company labour chiefs.

Over 3,000 engine and component building men have voted to stop from Tuesday over a "laughable" 5¼ per cent wage rise offered against their 20 per cent claim.

A stoppage would immediately halt the Linwood plant, where several thousand are employed, and stop a multi-million pound order from Iran which is vital to the company.

The conciliators will try to "bridge the gap" in the dispute, a complicated one involving all Chrysler UK works, and to give wage parity.

About 2,000 car assembly men in Coventry have been on strike since Friday over an identical pay claim. The talks will also cover them.

ICI unions reject 16½% offer

IMPERIAL Chemical Industries' manual and craft unions reported the rejections by ballot of the company's 16½ per cent pay offer to the management yesterday.

Negotiations, which have been made difficult partly by disagreements between unions on differentials, will resume late this month.

The first of a series of one-day strikes by white collar staff at Glaxo would begin on Monday, following the breakdown of negotiations, said Mr. Roger Lyons, Association of Scientific, Technical, and Managerial Staffs national officer for chemicals.

The union said the 2,000 technical, scientific, clerical and supervisory staff had been offered 13.2 per cent overall.

Customs staff cuts 'could aid smugglers'

By Our Labour Staff

GOVERNMENT CUTS in the number of Customs and Excise staff this year will lead to greater smuggling and avoidance of value-added tax, according to the Society of Civil and Public Servants.

The union said yesterday that the Customs and Excise Board had confirmed that 1,800 jobs would be lost. A freeze on recruitment and promotion will continue until next April.

Miss Judy McKnight, the society's national officer, said the union had instructed its members not to co-operate in introducing the cuts. It plans a national overtime ban and will instruct members not to accept new work.

The cuts would lead to a net loss of revenue to the Treasury, Miss McKnight said. Smuggling would also increase, particularly of drugs, and there was a threat to controls on obscene books and materials coming into the country.

The cuts will mean a reduction in cargo elimination rates on EEC goods, and ports on the East Coast will be expected to lose relatively more staff. The Board is carrying out the cuts in two phases: "dealing with unnecessary posts" and secondly "an examination of work procedures, leading to across-the-board savings."

There will be savings of 570 posts in Customs services, 30 investigation posts, about 700 headquarters posts in London, Southend and Liverpool, and a general reduction in coverage. There are also reductions because of natural wastage.

The cuts are the first specific proposals in the Government's plan for 3 per cent reduction in the Civil Service. The union says the cuts fall across all grades and will have an adverse effect on morale among the 28,800 Customs and Excise staff.

The society saw Sir Geoffrey Howe, Chancellor of the Exchequer, last week to discuss the proposals. Miss McKnight said the Chancellor was prepared to accept the loss of revenue rather than change his policy on Civil Service cash limits.

TUC opposes schools move

THE TUC is starting a campaign today against the Government's Bill to remove the compulsion on local education authorities to abolish about 300 remaining state grammar schools and change to fully comprehensive secondary education.

FINANCIAL TIMES SURVEY

Friday July 6 1979

IL VENETO

The Veneto—or Il Veneto, as Italians call this historic and beautiful region—is far more than the country's most popular tourism area. Besides its efficient and profitable agricultural sector, the Veneto has also become Italy's third most important industrial region, with activities ranging from petro-chemicals to textiles.

A region with great potential

By Rupert Cornwell

THE CORRECT translation in English is Venetia. It is an evocative word, conjuring up a vision of an old-world, almost Arcadian place, stretching inland from the mists of the Venice lagoon across a province encrusted with history, ancient cities and beautiful landscapes. Indeed the Veneto—Italy's most popular tourist region—is all of that, but much, much else besides. If politically it has remained curiously aloof from many of the changes which have swept across the country in recent years, it has none the less grown into Italy's third most important industrial region after Piedmont and Lombardy, and in many respects is a microcosm of what is right and what is wrong with the entire country.

That the whole has never quite achieved the celebrity of *many of its individual* parts is due to the inevitable confusion between Venetia and Venice (or in Italian between Il Veneto and Venezia). The region indeed broadly covers the inland domains of the Republic of Venice during its heyday, from the Dolomites in the north to the Po in the south, and westwards to the shores of Lake Garda, taking in that chain of historic cities that form its backbone—Padua, Vicenza and Verona, with the spurs of Treviso to the north and Rovigo to the south in the Po delta.

This common history (borne, it should be said, with much resentment by the subject cities through the centuries until Venice was annexed by the Austrians in 1797) is crucial for an understanding of the Veneto's politics. Yet today the roles are largely reversed. Set against the growth and bustle of the mainland, Venice, the region's "capital," has become something of an unrepresentative appendage. Its problems and prospects are examined elsewhere in this survey. Perhaps the city's greatest legacy is the sense of international importance that it imparted to the region, which the Veneto is now trying to regain.

Stronghold

In political terms the most important point about the Veneto, with its 4.1m population, is that it is a stronghold of the Christian Democrats. The ruling party controls the region with 31 of the 60 seats on the council, and in the general election of last month won an absolute majority there with 50.1 per cent of the votes cast. In the European poll a week later this share fell only slightly, to 49.1 per cent.

In fact the Veneto is the easterly extension of Italy's "White Belt," where the Christian Democrats now hold sway, starting just east of Milan in the provinces of Bergamo and Brescia. This dominance is at first glance odd when one reflects how the region merges imperceptily across the fertile Po plain into Emilia Romagna, heartland of the country's Communist-controlled "Red Belt." The explanation is to be found, as usual in Italy, in the past.

Unlike Emilia, the Veneto did not fall under the temporal rule of the Papacy. The Venetian Republic pursued a vigorously independent policy, and the Inquisition for example, never operated there. Yet the region was always deeply Catholic. To the Church it has given numerous saints, as well as the two of the last four Popes who were previously patriarchs of Venice — Pope John XXIII and Pope John Paul I, who occupied the throne of St. Peter's for just one month last autumn before his death.

But the combination of a profound Catholicism and an historically weak Communist Party (in the general election the PCI took just 21.8 per cent of the vote) probably also explains why the Veneto is becoming representative of one all-too-common facet of Italian life — terrorism and violence.

Many experts believe that it is precisely the failure of the Church to adjust to contemporary industrial society, coupled with the absence of a strong orthodox political Left to provide an outlet for youthful discontent, which lies behind the growth, in the Veneto particularly, of the so-called "autonomous" far-Left movement. It has taken root especially at the ancient University of Padua, the region's intellectual as well as commercial centre, and provides a common thread through any number of bombings and terrorist incidents in the Veneto over the past 12 months.

Matters came to a head in April, with the arrest of leading autonomists, including the movement's chief theoretician, Professor Toni Negri, of the University's Political Science faculty. Police now believe that close ties exist between the autonomists and the Red Brigades, and that the former may even have been largely responsible for the kidnap and murder of Sig. Aldo Moro, the former Prime Minister, in May 1978.

This, though, is perhaps a digression. Unquestionably the Church is one factor behind the continuous success of the Christian Democrats. Another is the structure of the Veneto economy. Until fairly recently the region's wealth lay primarily in its agriculture, and even today to a great extent still does—a factor which helps ensure a broadly conservative political outlook.

On to this has been grafted in the past 20 years what Sig. Domenico Ceravolo, leader of the 14 Communists on the regional council, describes as an "industrial revolution." But it is one achieved without the upheavals and mass migration which marked similar developments this century in Lombardy and Piedmont, and particularly in Turin. The cities of the Veneto are medium-sized. Old Venice has little more than 120,000 inhabitants, and Verona, Padua and the modern mainland extension of Venice around 250,000 apiece.

Although the timeless charm of Venice is undoubtedly the magnet of the record-breaking tourist industry in the Veneto, other areas of the region are seeing important new developments, particularly in industry

Consequently there has been little reason for a strong Left-inclined urban proletariat to emerge. Industry, moreover, has tended to develop in that pattern of small and medium-sized enterprises which clearly best dovetails into the national temperament. They also provide a framework flexible, varied and resilient enough to protect against economic vicissitudes and take swift advantage of opportunity. The lesson applies to the Veneto in particular, but also to Italy as a whole.

The upshot is that, whether by accident or by design, the region possesses a well-integrated and balanced economy, spread over agriculture, industry and tourism. Each has its difficulties, of which more in a moment, and certainly much needs to be done to improve the infrastructure, particularly in the field of transport and communication. But today the Veneto is in the forefront of Italy's economic upswing.

The figures speak eloquently enough. The Veneto ranks third among the country's industrial regions, with activities ranging from the petro-chemicals of Marghera and the Port of Venice to the small engineering concerns around Padua, the jewellery and textiles of Vicenza and so on. The region's output rose by an estimated three per cent in 1978 to L15,500bn (£8.85bn). It now ranks fifth among the regions as a contributor to the country's Gross National Product.

It hardly needs to be added, however, that uninterrupted rule by the Christian Democrats can have its disadvantages, even though the region has produced enough powerful national party figures—Sig. Mariano Rumor, the former Prime Minister and Sig. Antonio Bisaglia, the current State Shareholdings Minister, to name but two—to see that its interests are not neglected.

The most commonly voiced complaint is of complacency—that without the stimulus of an active opposition the Party has let things drift: that in industry it has failed to provide a cohesive plan for the Veneto's development; that in agriculture it has failed to fight hard enough at community level to protect the region's interests; and that in tourism not enough is being done to exploit the attractions of the Veneto, especially in off-peak peri[ods].

Difficulties

Leading local Christian Democrats like Sig. Angelo Tomelleri argue that plans there are, but ones which are at the mercy of Rome and its dilatory politicians, whose stock is no higher in the Veneto than in the other prosperous regions of northern Italy. Most of the difficulties involve transport, whether by road, rail or water.

First, pressure is growing for a L60bn (£35m) scheme to expand the waterways of the Po Valley to create new links inland with Lombardy and northwards towards Switzerland via Lake Maggiore. There are also plans, perhaps somewhat ambitious, for an eastern arm in the direction of Yugoslavia.

The international inclinations of the region are plain again in the argument over the need to strengthen the Veneto's rail connections northwards by building a new tunnel to improve the flow of traffic through the Brenner Pass. Whether 60km long (as the Germans would wish) or 23km as the Italians suggest, the tunnel would give an important boost to trade with the North European industrial heartland.

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Economic growth sustained

IN MANY WAYS the Veneto is an extraordinary case of its own. Of all the regions of Italy, it is perhaps the only one which has effectively shrugged off so far the economic recession of the past few years.

Annual growth has been consistently above the national average of barely 2 per cent of the past two years. Employment levels have, in general, been sustained. In the past decade or so the Veneto, apart from topping the regional league in terms of both tourism and agriculture, has also transformed itself into Italy's third most industrialised region after Lombardy and Piedmont.

But unlike its two northern sisters, it never enjoyed the same deep-rooted industrial tradition. It was clearly privileged in terms of communications and geographical position as a major European crossroads, and as such it has inevitably had a commercial and outward-looking spirit. After all, Marco Polo came from the Veneto.

Yet the industrial development of the Veneto, born out of the region's agricultural wealth, is a relatively recent phenomenon dating back to the fifties and sixties and one peculiar to the region. This economic development has followed a unique pattern. With the one exception of the industrial zone of Porto Marghera, near Venice, it has seen the growth of a complex and intricate web of small and medium-sized industries—in inter-related and inter-dependent sectors—evenly distributed on a geographical basis. These industries are today regarded as one of the more profitable and vital ends of the Italian economy.

Industry

There is no single city on which the regions industrial activities are entirely focused, like, for example, Milan in Lombardy or Turin in Piedmont. Instead, all the main cities—from Vicenza to Verona, from Padua to Rovigo—are roughly of equal size and of equal, if differing importance.

The main characteristic of the region's industrial structure is its peculiarly varied range of manufacturing, low capital intensive industries. These include, among others, textiles, plastics, machine tools and other engineering industries, agricultural machinery and products, some electronics and components, shoes, leather, furniture and an assortment of workshop industries—with the goldsmiths in Vicenza and the glass-blowers in Venice.

Many are highly specialised and tend to be concentrated around an individual centre. At Montebelluno, there is one of the largest concentration of ski-boots manufacturing industries in the world. At Verona, in the furniture sector, some manufacturers produce exclusively one or two components at the most of a piece of furniture—some, the legs, others the arms of copies of 18th and 19th century armchairs.

All these industries have grown relying largely on their own devices. Moreover, the broad range of different activities has ensured a degree of flexibility that is to be found in few other Italian regions. It has meant that the economy in general of the Veneto has had greater strength to fight off the recession by its ability to adapt itself to different situations and its elasticity to switch from sector to sector.

After the 1973 energy crisis, the Veneto was hit harder than most other regions. The crisis saw a sudden halt in the growth of medium and small size industries.

Indeed, in 1973-4 there was effectively a drop in the growth of these industries, of some 10 per cent in the country at large and of as much as 12 per cent in the Veneto. But the Veneto pulled out of the crisis surprisingly quickly by investing in new technologies and systems to adapt itself to the new situation.

Investment

In the last five years, the annual rate in real terms of investment of small and medium industries has been of 4.6 per cent compared with a national average of 3.8 per cent and, significantly, of only 2.9 per cent in the entire industrial north of the country.

In turn, with the recession of the domestic market, the Veneto has increasingly turned towards exports. Sig. Pilade Riello, the new president of the Veneto Industrialist Federation (and a leading manufacturer of boilers) claims that the Veneto has been "condemned" to export.

Today, of the region's overall industrial turnover, exports account for as much as 35 per cent while the other regions of Italy absorb some 50 per cent of the Veneto's output. Although European community countries still represent the Veneto's principal export market, the region has increasingly turned to the Middle East and the Far East which have now overtaken North America in terms of export volumes.

The Veneto has devised a whole series of structures to boost export performance. There is an intense activity of trade fairs, and local industries are attempting to set up export-orientated consortiums to pool their resources and energies.

They have clearly been helped by the region's geographic position, and there are now also plans to increase and restructure the commercial port of Venice through a five-year L56bn development programme improving, among other things, container facilities and rail, air and inland waterway communications. As much as L50bn is to be spent on the inland waterway network during the next few years.

Perhaps, as the former Treasury Minister, Senator Mario Ferrari-Aggradi suggests, the key to the Veneto's success is the fact that the region escaped one of the dominating characteristics of Italy's post-war economic development. Italians call it "gigantismo"—a broad policy of large scale industrialisation and economic macrostructures that are today at the root of the crisis of the Italian state and parastatal sector. Indeed, in the Veneto, the state sector has made little headway.

The only case of this sort of development is the industrial zone of Porto Marghera and the dormitory town of Mestre it shares with Venice.

Porto Marghera heaps together an intense concentration of petrochemical industries, shipbuilding, refineries and steel. It is an eyesore not only for the Serenissima, but in the region's industrial landscape. It is at the base of the huge environmental problems of the Venetian Lagoon and it is at the centre of what social and economic tensions there are in the region.

Yet, although it is atypical, it has nonetheless integrated itself to some extent with the region as a whole. It has given birth to a sizeable number of satellite industries and certainly contributed in maintaining employment levels over the years.

While the large-scale activities of Porto Marghera have clearly been hit by the general crisis of the chemicals and steel industries, there have at the same time never been the sort of repercussions suffered by other regions. Even the dismantlement of the former State Mineral Agency, EGAM, which controlled a number of ventures in the Porto Marghera zone, was less traumatic than in other areas.

The region's positive record of labour relations has played a major role in abating tensions at times of economic and social stress. The EGAM case of the last two years is a case in point. It also goes a long way in explaining the flexibility and freedom with which the region's vast network of small and medium sized industries have been able to operate.

But despite the Veneto's self-erected defences against the country's general economic and social problems, there are now long shadows hanging over the region and causing increasing anxieties. The biggest of all, according to Sig. Luciano Righi, who heads the Veneto Regions Economic Office, is the danger of serious energy difficulties in the autumn.

"We are planning to turn more towards coal and bring back into operation hydro-electric power stations which have been closed. But we fear serious shortages, especially of diesel and heating fuels," he says.

The political uncertainties following the inconclusive general elections last month and the current deadlock in union negotiations for an important series of national labour contracts, are combining to cause additional apprehensions among the region's economic operators.

These apprehensions, despite the Veneto's own record of political stability and relative industrial harmony, are translated in a gradual but already tangible decline in investments as industrialists appear more concerned in consolidating rather than expanding their activities at this stage at least.

In turn, this could eventually have repercussions on employment since, according to Sig. Righi, there is a need to create an average of some 4,000 new jobs a year in the region.

There are other problems, too. The failure so far of the central authorities to introduce a long-awaited medium-term recovery plan, designed essentially to reduce Italy's ever expanding public sector borrowing requirement and contain the steady increase in labour costs, is bound to exacerbate the situation in the long run.

Already, the Veneto's export competitivity is beginning to be undermined. In the past few years, it was substantially helped by the favourable course of the lira and the decline of the dollar, but Italy is now in the European Monetary System and the currency bound to a tighter discipline without a similar discipline on the basic distortions of the country's economic structures like the enlarged public sector deficit.

Inflation is once again accelerating and is already running at a level of nearly 15 per cent, or three points above this year's official target.

All this is bound to rub off eventually even on a region like Veneto. Local industrialists claim profitability is dropping and there is an increasing militancy in the union rank and file prompted in part by the disappointment of the Communist Party's recent electoral setback.

Against this background, the Veneto region is attempting to boost public intervention in an economy which has traditionally shunned the public hand. The main policy is to provide a backing for all those sectors that typically constitute the region's economy.

In particular, the region is promoting the constitution of financial consortiums to meet the growing financial need of small and medium-sized industries that have traditionally tried to avoid turning to the banks and indebting themselves. These consortiums — the so-called "confidi"—advance loans at rates below prime subsidised by the region. To promote the growth of the artisan sector which employs as many as 300,000 people, the region has also introduced special courses. The motivation is not purely economic. It is largely social and cultural.

After all, there are apparently only two artisans left in Venice who still repair and build gondolas. The tradition, the regional administration says, must be preserved. Venice without gondolas would be rather like Scotland without whisky.

The latest round of price increases imposed by OPEC will mean that Italy's overall oil import bill will rise by around Lire 3,000bn (£1.67bn) this year compared with 1978, according to preliminary estimates within the industry here.

Costs

Price rises introduced by Italy's oil suppliers earlier this year had already added 16.5 per cent to the average cost of imported crude. The latest increase agreed in Geneva will push this up by a further 18 per cent or so, it is forecast.

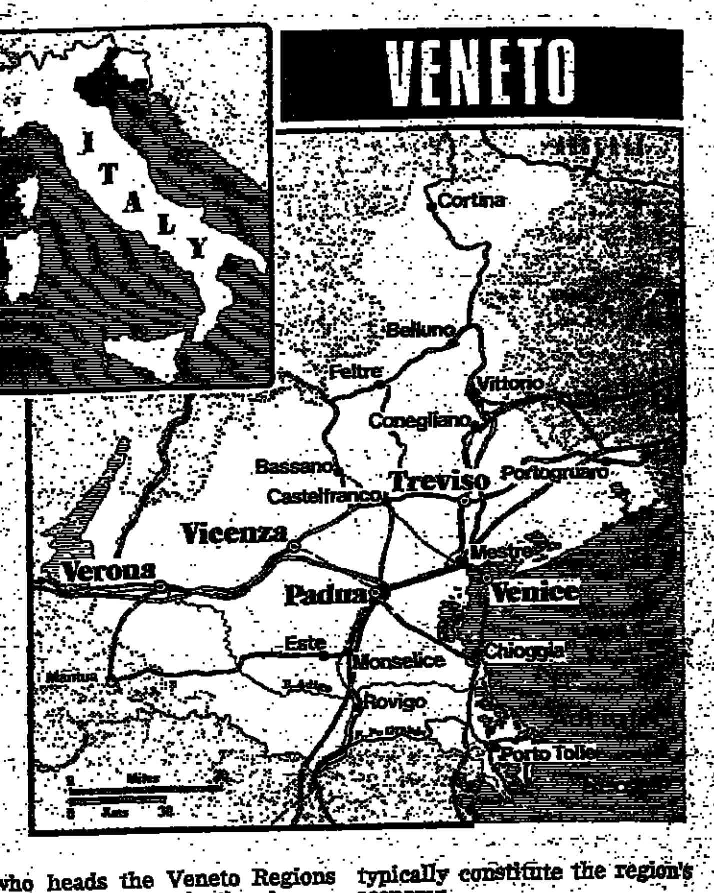
This means that the country's total energy import bill will rise to Lire 11,300bn (£6.28bn) from 1978's Lire 8,350bn. Experts further predict that the increase will push up the cost of finished goods by some 2 per cent, assuming the rise is fully passed on, given that energy accounts for 10 or 15 per cent of overall production costs.

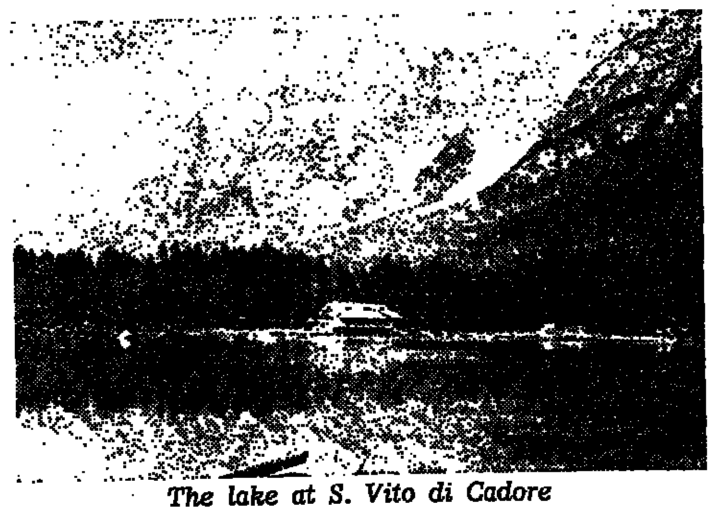
Implicit in this trend is a worsening of Italy's foreign trade accounts. Hitherto the country has managed to sustain reasonably well the encouraging developments of 1978, when for the first time in over 30 years, trade was more or less in balance.

However, these predictions are based on the assumption that oil consumption does not drop in response to the sharp new price increases, either voluntarily or through further Government measures.

They also pre-suppose an unchanged lira-dollar exchange rate but in recent days the lira has begun to strengthen against the U.S. currency. If this continues, the impact of the higher dollar price may be softened.

Paul Betts





The lake at S. Vito di Cadore

Potential

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Regional authorities are also deeply resentful of the delays over the construction of an autoroute linking Venice with Munich. In part this reflects incomprehensible foot-dragging by Rome, in part ambiguities on the Austrian side.

But each of these projects, and the intended development of the Port of Venice, testify to the region's desire to exchange its somewhat peripheral status in Italy for its role of yesterday—as a pivot and crossroads between East and West Europe, and now that the Suez Canal has been reopened, as a link in the trading chain between Europe and the East.

Community

Against this background it is easy to understand why the Veneto was one of the most enthusiastic founder members of a new seven-region transnational grouping, dubbed Alpe-Adria, which took formal shape at a ceremony in Venice last November. It comprises what has been called a "working community" made up of two regions from Italy, the Veneto and Friuli-Venezia Giulia to the east, two from Yugoslavia (Croatia and Slovenia), and three from Austria (Upper Austria, Styria and Carinthia). Salzburg, and Bavaria from West Germany, were represented by observers.

It would be dangerous to raise too many hopes. The results of such arrangements are usually not particularly dramatic, and in any case central governments' views will remain decisive. But as an alliance of regions, each on the edge of their own nations, it is significant. The move, it is hoped, will lead to a more co-ordinated approach to problems of common interest—tourism, port development, communications and so on. The alternative, as Sig. Tomelleri underlines, is duplication, inefficiency and argument.

As always, the proof of the pudding is in the eating. But in any case, Alpe-Adria offers the interesting prospects of a close association between regions from EEC, regions from a neutral country, and regions from a non-aligned country. As for the Veneto, it is presented with a chance to recapture something of its past, when intellectually, commercially and diplomatically its field of influence extended far beyond its own territory.

IL VENETO III

Region's agriculture among Italy's best

THE VENETO today is above all an industrial region, composed of a vast web of small and medium-sized industries in a large number of manufacturing sectors. But with an annual farmgate production worth nearly Lire 2,000bn, it accounts for more than 10 per cent of the overall national total.

Indeed, agriculture, in a sense, provided the main resources for the recent industrialisation of the region. Equally significant is the Verona Agricultural Fair in March, which is indisputably the most important occasion of its sort in the country at large.

Importance

It is sufficient to drive through the Veneto to see the importance of agriculture in the region's economy. The fertile valley of the Po, in the southern part of the region, is serviced by an intricate irrigation system and accounts for most of the Veneto's agricultural production, consisting mainly in forage crops, especially maize, breeding milch cows, fattening of veal and pig farming, organised on a scale which is perhaps among the most modern in the country.

Around Verona and in the hillside areas near the city some of the best wines in Italy are produced, including the Recioto of Valpolicella and the highly-prized Amarone. But other provinces of the Veneto produce controlled-denomination wines, such as Vicenza and the provinces of Venice, Treviso, and Padua. The entire region also produces many good red and white table wines apart from the "DOC" (or "controlled denomination wines), although the emphasis is increasingly being put on the latter higher quality wines.

Agriculture in the Veneto is in general considered more efficient and profitable than in most other Italian regions, with the exception of the neighbouring regions of Lombardy and Emilia Romagna. Exceptions perhaps, are the mountain areas in the north, which have to all intents become increasingly marginal. But there are now efforts through the so-called "Legge Montagna" to promote the recovery of these poorer areas.

The idea is to tackle the problem on a global scale, stimulating specific agricultural projects in forestry and developing pastures and some wine growing *in a general context* co-ordinated with the development of tourism and small artisan industries in the area. The main pre-occupation of the regional authorities is to contain the continuing exodus from the land in the mountains, *which to some extent has been less marked in the plains.*

In the more fertile parts of Veneto, the main characteristic of the region's farming structure is the concentration in small and medium-sized private agricultural holdings, averaging *from 10 to about 50 acres.* These small private farmers, who in a sense could be compared to the English yeoman during the last century, have given the Veneto a peculiar history in farming co-operation second to none in Italy.

Expansion

Co-operative farming in the region is in constant expansion. In the cattle sector, the most important in terms of farmgate production, there are some 20 co-operative stables. *There are* nearly 400 dairy co-operatives and more than 50 per cent of all wine growing is processed by wine co-operatives grouping *together some 50,000 producers.*

However, co-operatives tend to concentrate on the productive side of farming. Only in wine growing and market garden and fruit production—particularly apples, pears, cherries, and peaches—have farmers organ*ised themselves in any scale of* co-operating in the commercialisation of their products. Indeed, according to the regional agricultural authorities, about 50 per cent of wine production is sold through the regions co-operative network.

Another peculiar aspect of agriculture in the Veneto is *part-time farming.* This in large measure results from the region's economic development during the last decades which has never given rise to intense urban concentration, but rather *maintained an equal balance* between the various cities such as Verona, Vicenza, Padua, Treviso and Rovigo. This was, in great part, due to the type of industrialisation that has flourished in the Veneto concentrated on small and medium-*sized industries.*

There thus developed a system of osmosis between industry and farming which explains to some extent the *phenomenon of part-time farming.* In turn, this contrasts with agriculture in the neighbouring region of Lombardy where intense industrialisation has effectively largely undermined farming.

This is not to say that *industry in the Veneto has not* also had a negative effect on farming. As in Lombardy, it has also encouraged a substantial and often-random over-mechanisation. Moreover, the Po Valley and its complex irrigation network, also suffers *increasingly from industrial* pollution, which, incidentally, has done irreparable harm to the Venice lagoon and to the region's fishing industry.

Policy

If farmers sometimes complain about industry, they complain even more about the Community's agricultural policy with its mechanisms which, in terms of imports, have transformed Italy in what they call "the dustbin of Europe." At the same time, farmers claim they have consistently lost out in the failure to adjust suitably the green lira.

The agricultural authorities of the Veneto are now seeking to improve the efficiency and profitability of the region's *farming sector, which accounts* for about 10 per cent of the Veneto's overall employed workforce. In particular, they stress the need to rationalise and improve the use of mechanisation on farms to increase productivity and avoid financial wastage.

Business management on many farms is still poor, and in many respects has not kept pace with the mechanisation and technical advances of the agriculture base of the region. But the regional authorities claim that the standards of management are now improving, especially among the new generation of young farmers.

Above all, however, they stress the need to continue to improve quality of produce rather than quantity in all the main sectors of the region's agriculture.

Paul Betts

Conflicting views on the future of Venice

THE SETTING, of course, remains the same. Venice shimmers in the summer haze in the midst of its lagoon, presenting the same face to the world as it did in the time of Canaletto, or even Carpaccio. But the debate over what is surely the most beautiful of the world's cities—at once mystical, melancholy and majestic—has shifted.

Perhaps it is because the memory of the disastrous flooding of November 4, 1966, is fading, perhaps because the scientists declare that the city is no longer sinking, perhaps simply that any visitor to Venice cannot but be struck by the evidence of his eyes that work is going on to preserve and restore monuments, albeit slowly, and the fabric of ordinary houses that truly constitute the uniqueness of the city.

Whatever the reason, you hear much less today about the plight of Venice, about the wicked behaviour of Italian bureaucracy siphoning off money provided by well-wishers around the world for their own dubious purposes. Instead, the arguments, and the doubts surround what is in the long run an even greater difficulty: just what is the place of Venice today, in Modern Europe and modern Italy?

Venice, like Britain, as described by Dean Acheson, has lost an empire and not yet found a role worthy of its past. Resigned or otherwise, it is now a kind of living museum, trampled by hundreds of thousands of tourists, while the lifeblood of the city—its people—ebbs slowly away to the mainland, to industry and the real world of Italy in the second half of the 20th century.

But whether this has to be, consider the issue underlying the referendum last month, whether the existing municipality, which embraces not just the lagoon city but its swollen, ugly mainland appendages of Mestre and the industrial port Marghera, should be split into two separate entities, for the benefit of both.

The outcome was an enormous vindication of the status quo. At least on the face of it: of the 220,000 who voted, about 72 per cent rejected the proposals. Nowhere, not even in Venice proper, was there a separatist majority, and in places such as Murano, the glass-making island across the lagoon, the "No" vote touched over 80 per cent.

The result predictably has been hailed as a triumph of common sense by the forces of the Italian political establishment—*the Christian Democrats,* Communists and Socialists, the regional and municipal authorities—who had thrown their weight into the battle to keep things as they were. The nasty plot of Venice's hotel and tourism industry, and its cultural elite has been foiled, and the clock has not been turned back to the decadent days of Venetian countesses living in fading splendour in decaying Palazzi, of masked balls of the rich and famous, of Hemingway and Scott Fitz-Gerald.

Even the gondoliers joined the battle. A poster in Venetian dialect proclaimed the rejection of separatist plans which would have turned them into "luxury servants in straw hats and sailor vest, costumed puppets at the beck and call of the bosses of a museum city."

One might ask oneself whether that would be so bad a fate, given the gondola rate of L20,000 (£12) for a 50-minute trip.

In any case, the noes had it, after a venomous and, at times, even violent campaign, and the whole issue has been settled. Venice now can get down to the important matter of creating a future. But has it, in fact?

In the first place, the 30 per cent, or so who voted for separation may form themselves into a significant "autonomous" group to fight local elections.

Apathy

Second, many suspect that what seemed a resounding verdict was in truth a massive affirmation of apathy: as one member of the regional government put it, the laziness of a people who, 182 years after the Treaty of Campoformio in 1797, which handed the Venetian Republic to Austria, still look wistfully to the sea, and beyond the seas. This is the real dilemma of Venice, trapped by the very singularity of its setting, by both temperament and tradition, unable to adjust easily to the fact that it is now just a part of Italy—and a somewhat peripheral one at that.

Least of all, perhaps it was (as one newspaper suggested), a belated ratification of the wisdom of Mussolini, who in a moment of Fascist grandeur decreed that, in 1926, the two communes, Venice and the fledgling industrial and urban zone of the mainland, should be combined as one.

But while it remains unclear whether the *city* can *look forward to* anything other than a future as a tourist playground (and a very expensive one at that), work is at last going on apace on its preservation. The meanderings of Italian officialdom have seen to it that six years have now elapsed since the famous special law of 1973, which provided L300bn (£180m) for the safeguard of Venice, without a very great deal being done. At last, the picture seems to be changing.

It is a battle that, given the complexity of the Italian administrative system, has to be fought on many fronts. The difficulties of co-ordinating various bodies, each with a constitutional degree of autonomy, is not the least of the reasons why things have taken so long, and why the enormous *community of Venice's foreign* benefactors have been driven to desparation by the delays. But, at the risk of encouraging a complacency that would be totally unjustified, an improvement must be reported.

This view is even shared by Sir Ashley Clarke, the former UK ambassador to Italy and now head of the Venice in Peril organisation, which acts as a ginger group to promote the restoration of the city. The most significant development, in the view of himself and other experts, is the fact that Venice is no longer sinking. For the last few years the authorities have steadily been refusing to renew licences for the artesian wells on the mainland.

Vulnerable

It was from these that mainland industry drew much of its water requirements. But the depletion of the underground basin in which the lagoon rests meant that Venice was slowly subsiding. The process has now been stopped and acqueducts have been constructed to carry water from rivers such as the Brenta and the Piave.

Even so, the city remains acutely vulnerable to the high tides that, in winter especially, sweep along the Mediterranean and flood St. Mark's Square and low lying areas of the city. That of November 4, 1966, was 1.96 metres above normal, but even this winter, tides have touched the 1.20-1.30 metre mark.

On this front progress is less encouraging. In response to a tender, five schemes were put up in 1978 to control the entry of the Adriatic into the lagoon through the three canals of Chioggia, Malamocca and Lido—including one from the Pirelli Tyre Group for a system of giant inflatable (with water) rubber barrages.

All, however, were rejected by the Central Government, which has responsibility for the scheme. The then Public Works minister, Sig. Gaetano Stammati, promised a committee to re-examine matters and report back. So far, it hasn't even been formed.

Meantime, 30 or so times a year, the sea spills over, eating into Venice's foundations, and especially the vulnerable, exposed brickwork near the base of many of the buildings lining the canals.

Nor has a great deal been done on restoring individual dwellings (the responsibility of the leftwing-controlled municipality). Officials such as Sig. Mario Rigo, Venice's Socialist mayor, plead not guilty and blame the complexity of existing legislation for holding up the process.

For its part, the region is finally pressing ahead with its part of the job, reducing pollution in the lagoon, although many conservationists are at odds with the aim of developing the role of the port of Venice, some L80bn (£47m) of work is finally being contracted out for purification and proper sewage facilities.

Regional officials claim that they have practically exhausted

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Record year in tourism

THE AMERICAN lady was *obviously (and quite shamelessly)* enjoying herself hugely in Venice. Sitting on the terrace of one of those discreetly opulent hotels on the Grand Canal, with a concoction of sea food in front of her, her eyes watered slightly when a gondolier suddenly broke into song . . .

In the maze of narrow streets, haunted by Hemingway, an unusual number of bearded men with floppy summer jackets headed purposely towards Harry's Bar where they would probably be in no position to afford a tomato juice.

The cafe-concerts compete continuously against each other from opposite sides of St. Mark's Square in a kind of mad musical ping-pong match. Florian struck off with "Stormy weather," Quadri replied with "I'm getting sentimental over you," and the student under a portico surrounded by more students in tightly fitted jeans won game, set and match playing a melody by Mozart on the flute.

There were, of course, the retired schoolmasters, the tourist groups, the spinsters and their companions, the family parties all rushing in and out of museums and churches, beetling into little shops selling useless glass objects, and, if they were left with enough cash, taking the inevitable gondola tour.

Magnet

Venice, undoubtedly, is the magnet of the Veneto's tourist industry, and together with Florence and, perhaps, Rome, the country's most-visited city. As a result, it is hardly surprising that the Veneto alone accounts for as much as a fifth of the country's entire tourist trade. Last year—which was a record for the Italian industry with tourist receipts of some L5,000bn—more than 6m people visited the Veneto, or 4.3 per cent more than the previous year.

In terms of daily presences, the figure increased from 46m to 48m, with foreign visitors accounting for 17m and the balance made up of an increasing number of Italians, who are deciding more and more to stay at home. Tourism earned the Veneto some L1,200bn directly last year, and much more indirectly.

The Germans, attracted by the depreciated lira against the strong mark and easy road and rail communications, arrived once again in greater numbers than any other foreigners. They accounted for nearly 50 per cent of all foreign visitors, followed by the Austrians and the Dutch.

The British, too, seemingly rediscovered the Veneto last year, eloquently reflected in the 35 per cent increase of British tourists over the previous year.

Despite the troubles of the dollar, the traditional inflow of American visitors, although slightly abated, continued. And the Veneto region is now attempting to attract increasing numbers of visitors from countries like Japan, Australia and Canada with great potential through an active promotion campaign.

But the Veneto, of course, is not only Venice. The entire region offers extraordinary facilities backed up by some of the best tourist infrastructures in Italy. There are the cities of the Veneto with the historic centres, cultural traditions and individual attractions, such as the summer opera season in the Arena of Verona.

There are the Palladian villas, near Vicenza. The huge spa complex centred round Abano. Lake Garda at the eastern extremity of the region and the Adriatic watering holes on the west.

In the north are the ski and mountain resorts of the Dolomites from Cortina, a sort of Monte Carlo of Italian skiing, to the smaller centres that have transformed small, remote mountain villages into thriving ski industries.

The region boasts more than 4,000 hotels and 170,000 beds. Accommodation is designed to meet all classes and requirements. Italy's most famous group of luxury hotels is based in Venice, but the region also abounds in more modest accommodation. Indeed, the policy of the regional tourist authorities is to concentrate in low-cost facilities such as camping sites, holiday villages and tourist hostels, which are increasingly in demand.

They are also trying to encourage tourism in lesser-known areas of the region including small communities in the valley of the Po and the Dolomite foothills. To this end, the regional authorities recently launched an initiative called "Veneto Four." The idea is to organise visits starting from Venice in other and lesser-known parts of the Veneto.

If the Veneto heads the country's regional league in terms of tourism, it is also a region which has often contributed in a determining way in the fields of art and culture.

Example

The Venice Biennale, and its stormy history since it was set up at the end of the 19th century, is a case in point. In 1932, it organised the first-ever film festival, despite the heated debate on whether the cinema was effectively an art form or not.

Ten years ago, in the midst of more rows, the Biennale underwent a profound transformation. Among other things, it gradually abolished the prize-giving in its film festival, which had become over the years a sort of rendezvous of dinner jackets, long dresses and a grotesque flaunting of bad taste and wealth.

The renewed Biennale threw itself into a whole series of controversial initiatives staging major projects combining art and social issues, starting in 1973 with the theme of "Freedom and Chile."

The Biennale became known as "The Biennale del Communismo." It then turned its attention to art in Franco's Spain in 1976. It also held exhibitions directed to the working classes of Porto Marghera and Mestre, the industrial zone on the other side of the Venice Lagoon. Two years ago, provoking an official and unprecedented protest by the Soviet Union, it staged the celebrated Biennale on dissident art in Eastern Europe.

Throughout these years, members of the Biennale have resigned and indeed are continuing to do so. In the wings, political parties have sought to increase their respective voices in an institution that clearly has a peculiar significance in Italy.

In the last few weeks, the Biennale has unveiled its latest programme, stretching over the next four years. The emphasis is both on cultural novelty and entertainment. Despite its limited funds—a capital endowment of some L3bn a year—it intends to strengthen the film festival which opens in September.

Among the other projects, is a series of theatrical initiatives to coincide with the February Venetian Carnival and a programme of concerts and operas on the theme of mythology.

The Biennale if only one, is significant example of the sort of contribution this region plays in the cultural life of the country. At the other end of the scale, there are the beaches of the Lido, the gondolas, the pigeons take a peck here and a peck there on the heads of innumerable tourists for the inevitable souvenir photographs, and the side-walk cafes, with their impossible little bands, all play an equally important contribution to the economy of both the Veneto and the country at large.

P.B.

The fair city of Verona

VERONA — the fair city, immortalised by Shakespeare in which *Romeo and Juliet met* their untimely end, has recently added a new item to its long list of distinctions: it became the richest city, pro capita, in Italy.

Those who know Verona well do not find this particularly surprising. A combination of physical beauty, advantageous geographical location, and an industrious populace has given the city advantages that make such a success story seem almost a logical result.

The population of Verona itself has stabilised at around 270,000, and, more important, has remained in a comfortable balance with the 770,000 inhabitants of the outlying province.

The area, almost entirely agricultural before World War II, has changed radically since then, but it has been a change in keeping with Verona's own dimensions and mentality.

Industry is small or medium, and even today employs only a slightly higher percentage of the populace than does its flourishing agriculture. The province is favoured by good roads and other infrastructure, including the ports of Venice to the east, and Le Spezia to the west.

Yet perhaps the most determining factor in Verona's postwar prosperity has been its own geographical location. The first major Italian city south of the Brenner Pass, Verona quite literally straddles the route bearing the main flow of goods from West Germany, Italy's biggest trading partner. Germany alone absorbs half of Verona's own exports (with the rest going to Holland and France).

Bavarians flock yearly not only to the city of Shakespeare's star-crossed lovers, but to the shores of Lake Garda or the hills of the Valpolicella, reachable by car from Munich in less than five hours. In a very real sense, Verona is one pole of an economic axis whose other pole is Munich.

Veronese themselves explain that although their mentality is quite different from that of Germany, the two cultures complement each other well in business. The Veronese, who help make up one of Italy's most clerical regions, are historically conservative, and their wellbeing has done nothing to change their outlook.

Verona is a city of skilled craftsmen and good businessmen, sensitive to their market and its requirements. The Veronese is steeped in his city's history, and himself conserves some of the characteristics of the "renaissance man"; Verona is a city of wit as well as culture, and its small size belies its cosmopolitan outlook.

Verona's mental affinity with Germany in business matters has strengthened the economic and geographical bond existing between the two areas. German car makers, Audi, Mercedes Benz and BMW all have their Italian headquarters in Verona. Promotional events for Veronese goods attract more participants from Germany than from any other country.

Products

The image that Verona has created for itself as a renaissance city *par excellence* has been further helped by the products for which it is renowned. Period style furniture, shoes, wine and marble form a composite picture, as tasteful and harmonious as the city in which they are wrought.

More than 2,000 small firms throughout the Verona province—some of them with only two or three workers—turn out 50 per cent of Italy's production of period style furniture. It is a trade at which Veronese craftsmen excell—so much so that they have been known to improve on a classical style with embellishments dictated by personal inspiration.

Following a period of what one connoisseur of the business calls "renaissance individuality run wild," which produced lovely furniture but disturbed some purists, an effort has been made to step up training in precision copying of the old styles. Period style furniture produced in Verona last year registered sales of L130bn according to official statistics; the actual value was probably considerably higher.

The shoe industry, with more than 150 firms employing some 10,000 former shoemakers, is Verona's largest single source of income. Turnover last year totalled L165bn; three-quarters of production was exported, mainly to West Germany. At the head of the Veronese shoe industry is Maria Pia, a concern whose "designers" reputedly never draw a sketch but simply travel, observe, and later create a sample pair of shoes right at the work table.

Verona shoe production averages 60,000 pairs per day, nearly one-quarter of Italy's total output; exports have nearly doubled over the past two years, and Verona is second only to Florence, the shoe capital of Italy.

Veronese wines have always been justly famous. The well-known Bolla Wine Cellars are from Verona, as are the smaller cellars of Bertani and Pieropan. The province alone, with its Valpolicella, Bardolino and Soave, produces 90 per cent of the DOC (Denominazione di Origine Controllata) wines of the entire Veneto region—which includes some other prime wines such as Pinot Grigio, Pinot Nero and Nero and Cabernet—and one-fifth of all the DOC wines in Italy.

For a country with 94 provinces, this proportion is huge—one reason is that Verona itself, with a policy to promote its local quality products, helped create the criteria for controlled-origin wines. Last year the province exported wine worth L40bn, equal to some 12 per cent of total Italian wine export.

Of the DOC wines, the lion's share, worth some L15bn, went to the U.S.; L9bn went to West Germany, and L3bn worth to Britain.

Verona is also a world reference point for marble-working craftsmanship and technology. Four hundred firms throughout the province finish the pink stone, and much of the marble-working machinery made in Italy, the world's largest exporter of such machines, comes from Verona. Two-thirds of the production was exported last year for a value of L63bn; 80 per cent of the export goes to West Germany, which builds extensively with Italian marble; the arab countries have recently become a market.

If these image-raising industries have given Verona fame, they are not the only ones to have given it prosperity. The same agriculture that produces fine wines also produces strawberries, cherries, peaches, pears and apples, as well as such exotic delicacies as snails and kiwi fruits.

Poultry from the Verona area is distributed all over Italy. Farms in the Verona Province, which are frequently co-operative, employ a comfortable average of 20 persons each, and are among the most modern anywhere in Italy, with a level of mechanisation above the European average.

The biggest single employer in Verona is the Mondadori Publishing Company, whose production headquarters are located in a modern glass-panelled building near the outskirts of town. Mondadori began printing in Verona in 1907, but only 20 years ago did it start to do job printing for clients as means to keep its presses from *standing* idle during slack periods.

Today, Mondadori — which draws heavily on skilled printers trained at a Salesian Friars Trade School in Verona—produces everything from publicity flyers to high-quality art books in various languages, in addition to its own books, more than a dozen Italian and foreign weeklies and dailies, and—last but not least—the foreign language editions of Mickey Mouse comics. But perhaps that is not so unusual for a well-rounded renaissance city.

Christine Lord

Venice

CONTINUED FROM PREVIOUS PAGE

their share of the funds available under the special law—even though it is suggested by some that not more than half the L300bn has so far been spent. And that famous international UNESCO loan of $200m, conditional itself on the passage of the special Italian Law for Venice? It seems that as soon as the precious dollars were lined up, they disappeared in a lira crisis. But, as Sir Ashley Clarke points out: "It's not dollars we need in order to save Venice, but lire."

Finally, there are the monuments, the fourth front of the fight to restore the city. It is here that the international groups are most in evidence, though the problems are considerable.

The 15th-century techniques for the restoration of the stained glass windows at the church of Giovanni E. Paolo have simply been forgotten, and outside experts have to be sought.

Similarly, on the island of Torcello, once an important religious centre, Venice in Peril is aiming to preserve the mosaics in the church of Santa Maria Genitrice, but has found that the entire fabric of the church has to be treated. Restoration can also be a lengthy business: the first major project, the Loggetta on the Tower of Sansovino, opposite St. Mark's, took two years.

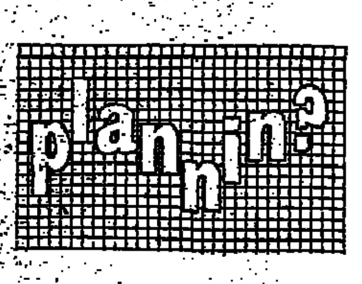
Even so, there is no mistaking the switch in mood among Venice's legions of protectors that things are on the right track. What should have been obvious in the first place has also become plain, that something irreplaceable will not be allowed to simply crumble away into the lagoon, even though in Venice's most *ethereal, magical* moments, the city looks as if it will do precisely that.

Rupert Cornwell

Christopher Lorenz looks at the dramatic claims made for a sophisticated planning tool which has met with considerable success in the U.S.

Why Europe is turning to PIMS

A MEETING in London today of executives from 25 international companies is likely to give a major boost to the use in Europe of one of the world's most sophisticated planning techniques.



Profit Impact of Market Strategy, better known as PIMS, has for several years been in widespread use on its home ground, the United States, and to a more limited extent in Britain. Since it was launched on the Continent last October, leading companies from six other European countries have taken it up, and the trend may accelerate after today's meeting.

The dramatic claims made on its behalf, and its status as a favourite in the columns of the Harvard Business Review—probably the most discussed planning topic—may provoke suspicions that it is yet another gimmicky American attempt at "scientific management," the sort of technique that fell into disrepute with the end of the 1960s boom.

Yet companies on both sides of the Atlantic continue to subscribe to it year after year, convinced that it helps them manage themselves more efficiently. They include some of the most highly "managed" companies in the world—such as General Electric of the U.S., and Mead Corporation, the American paper group—as well as many less "scientifically" run groups.

The basis of PIMS is a complex and extremely extensive data collection, storage and analysis system which effectively allows subscribing companies to draw on the (anonymous) experience of over 1,500 other businesses in all sorts of industries, many of them operating internationally.

The purpose of the programme is to help planners and senior executives answer a whole series of questions about the past and future performance of their businesses, including the probable effects of changes in any of the many variables. More detailed example questions include:—

- What profit rate is "normal" for a given business, considering its particular market, competitive position, technology, cost structure, etc.?
- What influences contributed to the difference between the "normal" return on investment and the one actually achieved?
- Given a specific contemplated future strategy for the business, how will profitability and cash flow change in the short and long-term?

Advocates of PIMS claim that the size and variety of its database, plus the many years of continual analysis by the programme's staff, have proved a very high correlation between, on the one hand, changes in about 30 factors or "variables," and on the other, the profitability and cash flow of a business.

So much so, they claim, that certain "laws of the marketplace" can be safely assumed. The seven variables with the *biggest impact are shown in the* table, in their claimed order of importance. Members of the PIMS staff emphatically deny they are being unrealistic in claiming that there can be quantified general "laws" spanning different industrial sectors and countries.

Like several other well-known—and surviving—management techniques, PIMS was invented and developed at General Electric. For the last seven years it has been operated as an independent service outside GE, first by an affiliate of the Harvard Business School, and since 1975 by the Strategic Planning Institute (SPI), a non-profit foundation based in Massachusetts and governed by the PIMS subscribers, which are known as "members."

By last October's Continental launch, SPI had built up a membership of 220 corporations, 200 of them in the U.S. GE's *inclusion underlines that even* the largest multinationals would have difficulty justifying the cost of operating such a complex service in-house.

The members contribute information to the data base on about 1,500 of their businesses (divisions, product lines, etc.), covering a wide range of industries, mainly in manufacturing. The majority are large, multi-divisional groups. Both in the U.S. and Europe, the current aim is to attract more banks and insurance companies, as well as more smaller companies.

The October launch *established the Centre d'Etudes* Industrielles (CEI), the Geneva-based business school, as the Continental base of PIMS. Until October, only about 20 European companies were members (all but two in the UK), via SPI's British link, the Manchester Business School. The number of members with Continental headquarters has since grown to eight.

Marketplace

All the European members have been attracted by the opportunity to share the accumulated experience of other companies via the PIMS database. Yet it is still rather U.S.-orientated. European interest is likely to grow more rapidly once the database includes more European information and analysis; today's meeting could stimulate considerable expansion, since most of the 25 companies represented are European subsidiaries of existing U.S. members, and many of them are therefore likely to join.

Anticipating obvious objections to the idea that there can be quantified general "laws of the marketplace," Dr. Friedrich Neubauer of the CEI says that many years of research findings in the U.S. have shown that the profitability of a business is largely determined by the factors PIMS has identified. Members receive separate reports on different types of business which take account of sectoral and other variations, he points out.

As to the international applicability of the system, Dr. Neubauer reports that there has already been considerable experience with the European subsidiaries of U.S. corporations. For the UK in particular, he says that tests conducted at Manchester have proved the validity of the U.S. findings. Continental tests are being mounted as membership grows from this part of Europe.

Gordon Mandry, lecturer in marketing at Manchester, admits that while many of the PIMS variables are related to market share factors, many European companies will be just as interested in factors such as exchange rates and job security legislation. But he stresses that the PIMS team is always looking for additional determinants of profitability.

The PIMS system works basically as follows. Every year member companies submit up-to-date information on about 100 items relating to their business, describing the changing characteristics of the market environment, the state of competition, the strategy pursued by the business, and the operating results obtained.

The forms on which the data is submitted are designed to *break it into simple elements* which can readily be assembled from financial or marketing records, or can be estimated by someone familiar with the specific business.

This approach enables companies with uniform, well-established accounting systems to take only about two man-days to complete the data forms, the PIMS staff claim.

The information is then added to the database, which PIMS researchers analyse to determine what strategy, and under which conditions, produces which results. PIMS staff claim that the 30 distinct factors which have been identified together account for over three-quarters of the observed variation in profitability.

Member companies receive three kinds of feedback, as well as access to the database to conduct their own research:

- Reports on the general principles of business strategy, as *disclosed by* analysis of the data base.
- Specific reports on each business the company has contributed to the data base.
- The computer models in which the general strategic principles are incorporated.

For most companies, it is the *second category of report which* is of most importance. Here again, there are several different types, including assessments of various possible strategic moves.

The cost of PIMS membership varies according to the size of the parent company's sales, though regardless of the number of businesses each company decides to include. Charges are composed of a once-only "entry fee," plus an annual membership charge.

For companies with sales of over \$100m, the Continental fees consist of SwFr 10,000 "entry," with annual fees of SwFr 35,000. *For businesses of between \$20m* and \$100m sales, the cost is SwFr 5,000 and SwFr 29,000 respectively; and for under \$20m, the cost is SwFr 3,000 and SwFr 21,000 respectively.

The UK fees are slightly different, in line with U.S. charges: over \$100m sales, \$4,300 and \$18,300 p.a.; between \$20m and \$100m sales, \$2,700 and \$15,000 p.a.; and for less than \$20m sales, \$1,600 and \$10,700 p.a. Subsidiaries or associates of existing members can take associate membership for half the appropriate fee.

THE PIMS KEY VARIABLES

- Investment intensity
- Productivity
- Market position
- Growth of the served market
- Product/service quality
- Innovation / differentation from competitors
- Vertical integration

Dr. Friedrich Neubauer and Mr. Gordon Mandry. Strategic Planning Center, Centre d'Etudes Industrielles, 4 chemin des Conches, 1231 Conches-Geneva, Switzerland. Tel. (022) 471133. Telex 27452.

** Previous articles in this series appeared on June 27 and 29, and July 3.*

A moving story from Spillers

BY NICHOLAS LESLIE

THE IDEA *of a manager* developing his talents in a particular discipline, say research and development, and then being pitched into something totally different, like marketing, may not appeal to many people. But for Geoffrey John, managing director of Spillers Foods, it has *enormous attractions. Such* hopping about can, he thinks, provide a spur to some people, enhancing both their management capabilities and their value to their company.

Geoffrey John

Geoffrey John not only advocates such a concept, but has operated such a policy during the four years he has been managing director of Spillers Foods, which embraces the grocery products, animal foods and Homepride flour operations of the Spillers group.

This is not to suggest that there is a frenetic toing and froing among the middle managers within his company. Rather it is a steady movement, involving transfers at periods ranging from between two and five years, and embracing a relatively small number of people.

It is a pattern that was quietly evolving while the group as a whole was suffering—in public—from the problems of bread-making, and the controversy that was created by the decision to get out of that business because of the heavy losses incurred. Now, with bread-making discontinued, the other elements of the Spillers business will be counted on to make themselves felt.

One of the key values of moving managers around, according to Mr. John, is that it broadens management's abilities. This, in turn, generates greater flexibility within the management structure, thus helping to ensure sound management succession within a company. Though similar switches take place in other parts of the Spillers group, Mr. John has made it a particular feature of management development within his own parish.

Management, he argues, "must not have hang-ups about excessive departmentalisation." Every three months a meeting of some 30 key executives takes place where, says Mr. John, he tries to make them more aware of the group in a total corporate sense.

"There is no point in a chap producing a performance that harms another department," he says. Executives need to appreciate the consequences of their decisions in relation to other parts of a company, for example, *marketing's effect on production* and sales.

The Spillers Foods concept generally applies only to "high flyers"—and it is thus very selective. They will be identified quite possibly as they move into middle management "and will be given the opportunity to practice man management at an early stage. By this I mean managing people who have not got the same mental awareness as managers and have different motivation," says Mr. John.

An example of this movement at Spillers involved a research and development executive, who had gained a *PhD during his time with the* department. It was decided to move him to marketing to broaden his appreciation of the company. After four years in that position he was made a factory manager, a move that proved so successful that two years later he was given wider responsibilities as a divisional production manager.

Then there is the case of an accountant who, after a period working in his own field within Spillers Foods, switched to brand management and later to production planning.

Not all the executives involved in such moves have seen the logic of such a step at the outset. Some, quite naturally, feel that they have a special training and should therefore stick to it. Others worry about whether they are making a "sideways" move that does little to advance their careers generally and whether it will be interpreted as such by their colleagues.

Then there is the danger, which Mr. John recognises, that moving somebody from his own specialism into one that is foreign to him can cause friction among his new colleagues, particularly those just below him in the management ladder.

Management must therefore make its objectives widely understood in order to avert any bad feeling. Then again, "how a person gets on with his peers and those below him is up to him," remarks Mr. John.

Spillers Foods sets about *spotting its talent* through an annual assessment procedure in each department. There is also a seminar session where members of Spillers Foods' subsidiary boards meet over two to three days to thrash out long-term planning and to discuss management succession.

A key question about such a management development set-up is how long should a manager *stay in a particular job before* moving into a new area? So far as Spillers Foods is concerned there is no clear time-scale, and Geoffrey John's answer is clear-cut, if imprecise: "A person must be in a job long enough to live with his mistakes. I feel very strongly about this."

There is, he feels, a very real danger that if a manager moves too quickly from job to job without learning sufficiently how to correct an error of judgment he will lack a key ingredient required of any senior manager. And he finds that, "as a generalisation, a man begins to live with his mistakes after about two years."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PRODUCTION

Keeps it under control

NEW IN management and control for manufacturing concerns and other industrial operations needing more information and co-ordination at single or multiple locations is "Total Plant Management," or TPM, this term being used by General Automation to refer to its method of tackling factory control.

Systems so far developed by GA in its first steps in TPM are factory data collection, energy management, industrial control, distributed data processing and a networking architecture which allows all these plant management elements to be combined into a single solution.

One major element of this concept has already been installed and is operational to great effect in the U.S.

A big U.S. motor manufacturer contracted GA to supply and install a turnkey energy management and maintenance dispatch system at its New York plant. Objective was to reduce the equipment energy usage while maintaining building safety and occupant comfort. This involved the monitoring of equipment and temperatures and scheduling of times when energy was and was not needed.

Two plants were involved in the contract, one the main plant and one remote plant, thus a distributed computer network was set up for the monitoring and control of both sites. The installation has recently gone live and it has been calculated the \$1m expenditure will be recouped in energy savings in just 18 months.

Information from the shop floor concerning all aspects of production, stock levels, work levels, goods in and out and plant scheduling, is captured through a network of rugged transaction terminals located at a number of sites. Employees, with minimal training, enter and extract information at these terminals.

Industrial control uses a turnkey system built to individual needs to supervise temperature, pressure, pace, flowrate, intensities of light or humidity and in fact almost any application in any industry. Software is built to the customer's specification, to monitor, test, read, analyse and control his particular process.

Distributed data processing and Autonet, GA's networking architecture for distributed processing, supply the means of linking each individual control and reporting process to a central administrative and information management system. When linked to other plants' management elements, the full potential of the system is realised.

General Automation, 43-45 Windsor Road, Slough, Bucks. Slough 72331.

● HANDLING

Carries the slurry

MARCONAFLO is the name given to describe a range of equipment and procedures for loading, unloading, storing and transporting bulk minerals in slurry form.

Key element is the "Marconajet" which can be mounted above or below the material required to be transferred, cantilevered as a self-contained unit, or supplied as a separate caisson unit, so that it can work within a pond or bunker, for example, and can deal with many minerals and concentrates, tailings or sludge whether in solid or slurry form, at rates from 50 to 4,000 dry tons per hour.

The Marconajet nozzle will activate compacted or solidified materials which it can slurry and move rapidly and economically by pipeline.

Transportation, storage, reclaim and feed are all functions which various adaptations of the basic Marconaflo system are capable of undertaking with exceptional versatility over short or long distances, as required.

Its materials handling capability covers a fan of feed rates and materials at low power consumption, without creating noise or dust, plus simple adaptation to specific needs. Ability to generate high density slurries rapidly is another of the system's advantages.

Babcock Hydraulic, Grosvenor Gardens House, 35, Grosvenor Gardens, London, SW1.

● MATERIALS

Better than water

AN AQUEOUS suspension of a synthetic rubber latex is offered as a superior substitute for water in Portland cement screeds, renders and mortars, promising improved bond to substrates, and greater flexibility for laying thin cementitious screeds.

Waterproofing is greatly increased (suggesting use of the product in bedding and jointing of tiles, especially where frequent washing down will be carried out) says Protective Materials, Oakcroft Road, Chessington, Surrey (01-397 3344).

Concrete made with the product, should also have strong resistance to frost and dilute chemicals, it is stated.

Future of powder metallurgy

BECAUSE the industry is expected to expand over the next decade at a rate equalling or exceeding that experienced in the 1970s (with 8 to 10 per cent annual growth rates predicted for powder metal structural components), a broader knowledge of the international markets and companies operating in this field, is called for. This suggests the need for the second edition of the International Metallurgy Directory, says publisher, MPR, 18 Talbot Chambers, Market Street, Shrewsbury, Salop (0743 64675).

Directory is available for £6.00 (including postage).

Alloys will withstand the heat

WESCO nickel-base alloys for high temperature applications in the aerospace industry have been developed by GTE Sylvania Precision Materials.

They provide a high purity, precisely-controlled series of materials which offer a lower-cost option to users of silver-based and gold-based brazing alloys. The alloys are manufactured to rigid specifications with consistent brazing characteristics for joining a variety of stainless steel and superalloys used in aircraft turbines, fuel system components and heat exchangers.

They offer a wide range of melting temperatures and can be supplied as powder, paste, foil or preforms.

GTE Sylvania, Unit 18, Edison Road, Elms Industrial Estate, Bedford MK4 10HU. 0234 211331.

Exhibited for the first time at this year's Royal Show at Kenilworth is what is claimed to be a new method of application for treating cattle against warble fly. The Veterinary and Agricultural Division of The Wellcome Foundation has devised the dispenser shown in use here. By simply squeezing the 2-litre bottle with one hand the required dosage is passed into a dispensing chamber. The measured quantity of the liquid can then be poured along the back of the animal straight from the pack.

● DATA PROCESSING

Fast store for a micro

HIGH SPEED random access memory for the Miproc 16 microcomputer has been developed by Plessey Microsystems, Water Lane, Towcester, Northans NN12 7JN (0327 50312).

Fastor is the name of the unit. It can be supplied as a fast cache memory, data buffer or a very high speed video store.

At static memory (avoiding the need for complex timing or control logic) the system has an access time of less than 100 nanoseconds and is supplied on two Eurocards in a chassis with fans and power supply permitting quick installation. Three additional chassis slots are provided for interface and control logic.

The memory can capture and store 0.5m bytes of data at 20 megabytes/sec without the need for external buffering and storage.

Likely applications include radar video processing, high speed telecommunications data buffering, and high-resolution video processing.

Expandable in 8,000 word (16 bit) modules, the memory unit measures 700 x 480 x 210 mm and is a 19 inch rack-mountable unit.

Guidance for newcomers

ADVICE AND computing consultancy services are being offered to financial institutions and other organisations wishing to introduce or extend computer-based systems, by TSB Computer Services, the company which provides support to more than 1,000 Trustee Savings Bank branches throughout most of England and Wales.

At the launch of the new service in London this week the general manager of TSB Computer Services, Mr. R. Brotherton, claimed that 10 "years' successful experience of design, implementation and operation of high performance, on-line, real-time computing systems was TSB's stock-in-trade.

The system currently operated was one of the most advanced of its kind in the banking world and even more ambitious systems were under development.

TSB Computer Services says the new consultancy division will allow a client to commission the assistance he needs — from advice on a particular technique through to feasibility studies and full-scale assistance with design and implementation of application systems.

TSB Computer Services, Langley House, Stanneylands Road, Wilmslow, Cheshire SK9 4R[illegible] Wilmslow 532249.

● OFFSHORE INDUSTRIES

Cables kept buoyant

ONE OF the Esso Chemical range of high purity iso-paraffinic solvents is being used in the search for submarine oil deposits in such areas as the North Sea.

Although the Isopar solvents range is known for its use in other high technology areas, such as speciality paints, copying machines and aerosol sprays, one particular grade, Isopar L, is now being used as the buoyancy fluid in cables forming part of the sensing gear in seismic exploration equipment.

Properties of Isopar L enable it to meet the criteria for liquids suitable for filling the large diameter plastic sheaths which *contain electrical sensing components.* These properties include low electrical conductivity, low miscibility with water and the fact that it does not attack the plastics used, as do most other hydrocarbon solvents.

When a transparent sheath is used, the fact that the solvent is clear and colourless permits inspection of the components without disassembling the cable. Because the solvent has acceptably low toxicity, a high flash point and is odourless, the filling of additional cable to extend or repair the sensing matrix may be carried out on *board ship.*

Cables can be in lengths of 100 metres or more and are *linked* together into a network which is towed behind the survey vessel. The sensing equipment responds to echoes from the sea bed of explosions of compressed air or oxygen/propane combustion mixtures, sending back to the ship pulses which are recorded for later analysis.

Esso Chemicals, Arundel Towers, Portland Terrace, Southampton SO9 2GW. 0703 34191.

● ELECTRONICS

Circuit to drive a voltmeter

FERRANTI HAS a digital voltmeter logic integrated circuit. The ZNA216 is a DVM system component, containing all the control logic necessary for a 3½ decade dual-slope digital voltmeter.

Providing multiplexed data outputs, both in BCD format and in seven segment format, for the direct drive of LED displays, it has leading zero display blanking, flashing overrange indication and an auto zero facility which removes the need for manual adjustment.

Apart from the more obvious applications of DVM and DPM, the circuit can be used as a basis for virtually any instrument designed to give digital reading of an analogue input, for example a digital thermometer. BCD outputs also make it simple to use in data acquisition systems, and easy to interface to a micro-processor system.

It operates from a single +5V supply and is available in a 28 lead plastic or ceramic dual inline package.

Ferranti Electronics, Fields New Road, Chadderton, Oldham, OL9 8NP. 061-624 0515.

● PROCESSING

Removes the deposits

REDUCTION IN energy consumption of between 15 and 25 per cent could result from using an automatic on-load brush cleaning system which removes deposits from chiller condenser tubes, announces Heat-Frig, Torrie Lodge, Portsmouth Road, Esher, Surrey.

Result of using the system is that the improved fouling factor permits the chiller consistently to operate at 100 per cent of rated capacity throughout its working life, thus achieving energy saving.

Simple to operate, the system's nylon brush is inserted in each tube and a catch basket is attached to each end of the tube. A 4-way valve is installed to permit reversing the direction of the water flow in the condenser.

When the flow direction is reversed, water pressure pushes the brush through the full length of the tube, removing any deposits inside the tube walls. The brush is caught in the basket where it remains until the flow direction is reversed and the pressure is repeated.

Frequency of the cleaning cycle will depend on the condition of the water being used.

LOMBARD

Strengthening competition

BY ANATOLE KALETSKY

THE FREE enterprise system rests on two fundamental ideals —private property and the free, competitive market. Just as private property is an artificial relationship that cannot always be left to fend for itself and requires a police force and army to sustain it, so the competitive free market cannot be expected to survive for ever without systematic government protection. Conservative politicians' concern for property naturally inclines them against public spending and government interference. But the one arm of government which Conservatives traditionally expand is law enforcement and defence. As the Government prepares to reorganise Britain's competition policy, in the wake of abolishing the Price Commission, should it not be giving the same prominence to defending and policing the free market?

Another body

The Government will have been right to abolish the Price Commission provided it has the courage to put another body, better thought out, but just as tough, in its place. The commission had many faults, not least its name. Its research was often flawed; it lacked a sense of direction; it had the wrong powers for its purported job and it was open to political interference.

But the Government and the commission's other detractors have concentrated on quite different accusations. They have berated it for squandering public money, for wasting management time and for prying unjustifiably into the private affairs of corporate citizens. Much the same criticism can be made of almost any police force.

The commission's main failing was not that it was too nosey or that it pried into too many companies, but that it was too preoccupied with the symptoms *of market failure*—high prices and inefficiency — rather than with its causes.

A more effective competition policy, aimed at analysing the reasons why markets are not more competitive and why monopolies remain entrenched, would cause big business at least as much irritation as the Price Commission's activities. The managerial costs of a Price Commission investigation have been put at around 1,000 hours of management time.

If that makes British managers' blood boil, the should spare a thought for their American counterparts. The present antitrust suit against ATT is expected to cost $100m in legal fees alone. In the biggest of IBM's current antitrust defences, the company has compiled 27m pages of evidence equivalent in wordage to every issue of the Financial Times for 1,000 years. America's antitrust system may be a wasteful farce, but American companies have managed to cope.

Policing the free market is bound to be expensive, both to industry and to government, though it can be done without America's excesses. But resource cost is no stronger as an argument against competition policy than it is against the development, testing and rapid destruction of military hardware.

Yet the Government has made quite clear that it does not intend to transfer the resources of the Price Commission to the OFT and Monopolies Commission, which will supposedly be taking over its responsibilities. Of the Price Commission's 500 employees, 350 will be made redundant and only a small proportion of the rest will go to strengthen the OFT.

Traditional

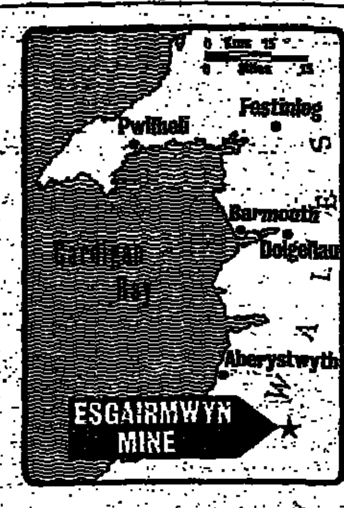
Lest it be suspected that I have been wined and dined by the OFT and Monopolies Commission into advocating a huge increase in their resources and hence their power, it should be said that senior officials take the view that the minor additions to their staff that the Government proposes should be enough to cope with the workload they will be taking over from the Price Commission. Is their reticence due to the British civil servant's traditional discretion or to the belief that they will not have much more to do with their new powers? Both possibilities suggest the same conclusion.

An aggressive competition policy is unlikely to be enforced by people who are trained to avoid controversy and not to rock boats. If the Government really wants to give British industry a cold shower of competition, it will need ambitious, fiercely independent fighters from outside the administrative establishment to face the obloquy that antitrust enforcement necessarily entails. And it will have to be generous in supplying the weapons.

AROUND BRITAIN

Sites for super-Steptoes

BY PAUL CHEESERIGHT



DEBRIS FROM the Industrial Revolution could be a national asset for a country which makes a living importing raw materials and adding value to them. Abandoned metal mine dumps, often a relic of the nineteenth century, when the UK was the world's leading mineral producer, but some dating back to Roman times, contain material which even now could be exploited.

It is not that the dumps, with their lead, zinc and tin would ever reduce dependence on imports significantly, but they could provide additional sources of supply and they could provide some employment opportunities outside the main urban areas.

It is true, of course, that mining as such is not a favoured UK industry. The countryside is too intimate and the care for the environment too strict ever to countenance unrestricted mining activity even if the minerals could be found. But the argument for working the old dumps is that the environment would benefit.

Visually, the dumps could be re-vegetated and landscaped after the removal of the metals, while the extraction of the toxic materials would diminish the *pollution of soil and water*courses. Latest extraction techniques could take out of the dumps about 85 per cent of their metal content.

But there is no national inventory of the dumps and what they contain. Only in Wales has there been an attempt to count them. The Welsh Development Agency commissioned a detailed survey from the Department of Botany at Liverpool University.

The survey, so far unpublished, found over 830 dump sites, some of them very small and the result only of prospecting. Perhaps 25 to 30 would lend themselves to commercial recovery operations.

Although mining men see Wales as the most promising area for profitable exploitation of dumps, they are more widely spread. Indeed, their locations add up to an economic history of the century to World War I: the West Country, the Mendips, Shropshire, the South Pennines, the North Pennines — where past production compares with all but the biggest Mississippi Valley lead-zinc deposits — the Lake District, the Isle of Man and the Southern Uplands and the north of Scotland.

Prices slump

Several years ago, a joint venture company formed by Rio Tinto-Zinc and Consolidated Gold Fields did think about working the dumps of the old lead-zinc mines in the Leadhills-Wanlockhead area of the Southern Uplands and had talks with the Scottish Development Agency. But this was never more than an idea.

In fact, large mining houses would be very chary of such limited operations and the dumps business is very much a sphere for the small but not insubstantial company. And such firms have been intermittently active.

Dumps in Cardiganshire were worked until the 1921 slump in zinc prices killed the business. In Cornwall, the dumps of the old tin mines have been picked over, and what is left is thought to be largely waste. But Geevor Tin and Hydraulic Tin remain, using modern methods to gain the metal from the residues of old mines. Geevor, in fact, is expanding its plant just to cater for this. And in the Pennines, dumps of the old lead-zinc mines are being used as a major source of fluorspar.

The scale of activity, however, is not such as to demand the evolution of a policy on the dumps by the Department of Industry. Where official agencies are involved they tend to be motivated more by an interest in land reclamation than in the fostering of commercial activity.

But the Scottish Development Agency, dealing with, say, the Southern Uplands, would be prepared to delay land reclamation programmes for commercial companies to work the dumps should there prove to be a demand.

In Wales, the Welsh Development Agency is pondering its attitude to the Liverpool University survey before talking with the local authorities about a *dumps policy. It would be the* local authorities which would have to realise the policy.

Trial runs

As Elenith Mining found, the role of the local authorities is crucial. Without their cooperation on planning matters there can be no working of the dumps.

Elenith is ready to start processing the dump of the old Esgairmwyn lead-zinc mine, 12 miles from Aberystwyth. Its plant is in place and it has had some trial runs. But it has been a long haul—four years of work have gone into the project's preparation—and illustrates some of the problems for the aspiring dumps recovery firm.

At Esgairmwyn there were no problems about the mineral rights as they were held by the Crown and the freehold landowner was not reluctant to allow access.

Obtaining the legal rights to the dump is the first thing which has to be done.

Then the dump needs to be analysed to establish how much metal there is in it and how that metal may best be extracted. At Esgairmwyn, the dump has about 60,000 tonnes of material of which about 2 per cent is lead with some quantities of silver.

*Assuming a firm is not dis*couraged by this time, it then needs planning permission. Elenith's application was the subject of a public inquiry. This was successfully negotiated, after which the local authorities had to be satisfied about the working of the plant.

Thus Elenith had lengthy discussions with the water authority, which had to be convinced that the plant's own waste, put into a tailings dam, would not itself pollute the local watercourse.

The next few months should show whether Elenith's perseverance will be justified in commercial terms. If the company were to start again from scratch and reach its present stage, it would probably cost about £100,000 and that would include the use of second-hand machinery.

Company officials concede that their operation has been done on a shoestring and that the process to start-up has been hampered by lack of funds—it is not as easy as it used to be 100 years ago to raise money in the City for such natural resource ventures.

But there are grants available — this type of activity is considered to be not mining but manufacturing—and if an established profitable company became involved in dumps processing it would probably use new machinery to gain the best tax advantages.

If Elenith is successful in both the environmental and commercial senses, then local authorities might be mollified about pollution hazards and the industry itself might become more active. Treatment of dumps has become accepted internationally as a way of maximising the value of a mineral deposit.

Companies interested in the field have a vision. It is of a portable treatment plant, a more sophisticated version of a semi-portable plant used in the Pennines thirty years ago, which could move around the country from site to site. But they need to be sure that the metallurgical processes involved are not too complicated and that they will not run into planning problems.

Borderline returning to form

RACING

BY DOMINIC WIGAN

NINE WENT at the final declaration stage for the Hong Kong Handicap leaving eight runners for the £8,000 Sandown event. Nevertheless, the one-and-a-quarter-mile race has a competitive look about it, with possibilities for each of those *remaining.*

My idea of the likely outcome is a win for the Ian Balding-trained Borderline. The good-looking Silly Season colt, who attracted many admirers when making short work of King of Spain in Newmarket's Somerville Tattersall Stakes on his racecourse debut, has taken time to recapture his form this term.

He finally returned to somewhere near his best at Newmarket on Saturday, putting one-and-a-half lengths between himself and Reside in the Van Geest Handicap over today's distance.

Sent into the lead at half way there, the Kingsclere three-year-old needed only to be kept up to his work by John Matthias to hold off the runner-up, from whom he was receiving 9lb.

Penalised 7 lb for that victory, achieved in the respectable time of 2 m 5.3 sec on ground riding less fast than that expected here, Borderline can follow up by foiling Simioni's hat-trick bid.

A second likely scorer for Balding and Matthias is newcomer Harvest Festival in the Shatin Stakes, named after the world's costliest racecourse. Harvest Festival has been showing plenty of pace in recent homework, and I doubt whether lack of experience will prevent her from winning here before going on to better things.

Of the remainder, stablemate Moment's Pleasure, a notable disappointment since putting up an encouraging display on her introduction, looks best.

In the other two-year-old event, the Year of the Ram Stakes, over the *minimum* distance, I anticipate the closing stages developing into a three-cornered tussle among Braconda, Bold Image and Gin Game, now that Ryan Price has scratched Comor.

A formidable reputation preceded the So Blessed filly Braconda when she went for Epsom's Royal Bank of Canada Stakes at the Derby meeting, and she never looked like letting down those supporters who installed her a 13-8 favourite.

Although ill at ease on the cambered downhill sweep past Tattenham Corner, Braconda found little difficulty in picking up and passing her rivals once Piggott asked her to quicken close home. She is the selection.

SANDOWN

2.00—Braconda**
2.30—Harvest Festival***
3.00—Borderline*
3.40—Dynamic Mistress
4.10—Count Carlos
4.45—Riana

TV/Radio

BBC 1

† Indicates programme in black and white

1.05 pm Tellifant. 1.30 How Do You Do? 1.45 News. 1.55 Wimbledon: Ladies' Singles Final. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 We Are the Champions. 5.10 We're Going Places. 5.35 Fred Basset.
5.40 News.
5.55 Nationwide (London and South-East only).
6.15 Wimbledon highlights.
7.45 It Ain't Half Hot Mum.
8.15 The Marti Caine Show.
9.00 News.
9.25 Petrocelli.
10.15 *Tonight in Town* (London and South-East only).
10.45 Regional, National News.
†10.50 The Late Film: "Stalag 17," starring William Holden.

All Regions as BBC 1 except at the following times:—

Scotland — 9.50 am Magic Roundabout. 9.55 Jackanory. 10.10 Don and Pete. 10.15 Desert Adventure. 10.40-11.00 Take Hart. 5.55-6.15 pm Reporting Scotland. 9.25 The Queen's Hall (Concert, in the presence of The Queen). 10.15-10.45 Grimble on Genius. 10.45-10.50 Regional and National News.

Wales—1.30-1.45 pm Bys a Bawd. 5.55-6.15 Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 10.15 Public Enquiry. 10.45-10.50 Regional, National News.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) In the Country; Midlands (Birmingham) Tell Me . . . Jimmy Hill; North (Leeds) Direct Line; North-East (Newcastle) Scene; North-West (Manchester) Champion Brass; South (Southampton) Personal Choice; South-West (Plymouth) Peninsula; West (Bristol) Country Style.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.10 pm Wimbledon Lawn Tennis, including The Men's Doubles Final.
7.45 *Mid-evening News.*
7.55 Heads and Tails.
8.10 Gardeners' World.
8.35 Westminster.
9.00 All Creatures Great and Small.
9.50 Kilvert's Diary
10.05 Around with Alliss.
10.40 Wimbledon highlights.
11.30 Late News.
†11.45 Salute to Chaplin: "The Circus." starring Charlie Chaplin.

BBC 2 Northern Ireland only: 11.45 pm-12.30 am Liturgical reception for Cardinal O'Fiaich from Armagh.

LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 The *Sullivans. 1.00 News, plus FT* Index. 1.20 Thames News. 1.30 Home and Design. 2.00 Racing from Sandown Park. 3.50 World Modern Rhythmic Gymnastics Championships. 4.15 Midnight Is A Place. 4.45 World Modern Rhythmic Gymnastics Championships. 5.45 News. 6.00 Thames at 6. 6.30 Emmerdale Farm. 7.00 The Krypton Factor. 7.30 Winner Takes All. 8.00 Hawaii Five-O. 9.00 Kids. 10.00 News. 10.30 A Question of Sex. 11.15 The London Programme. 12.15 am Close: Personal Choice with Kenneth Connor.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 5.00 About Anglia. 5.15 Chips. 10.30 Probe. 11.00 *Friday Late Film*: "The Young Warriors." 12.40 am Christians in Action.

ATV

12.30 pm Gardening Today. 1.20 ATV Newsdesk. 3.50 [illegible]. 5.15 *Makin' It*. 6.00 ATV Today. 8.00 The Incredible Hulk. 10.30 Mary Hartman. 11.00 The Tough Guy Movie: "The St. Valentine's Day Massacre," starring Jason Robards and George Segal.

BORDER

1.20 pm Border News. 3.50 About Britain. 5.15 Gambit. 6.00 Lookaround Friday. 6.30 Mind Your Language. 8.00 The Incredible Hulk. 10.30 Summer Sport. 11.00 Late Film: "Death Stalk." 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 3.50 The Rolf Harris Show. 5.15 Emmerdale Farm. 6.00 Report at Six. [illegible] 10.28 Channel Late News. [illegible] Danton Review. 10.56 Best Sellers. 11.56 [illegible] and Weather in French.

GRAMPIAN

9.30 am [illegible] 10.00 [illegible] Matinee: [illegible] Gentle Giant. 11.45 [illegible] Time. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Happy Days. 7.30 The Entertainers (Roger Whittaker). 10.30 Reflections. 10.35 The Friday Film: "Spectre." 12.15 am Grampian Late Night Headlines, followed by Road Report.

GRANADA

1.20 pm Cartoon. 3.50 Out of Town. *5.15 The Rolf Harris Show.* 6.00 Granada Reports. 6.30 The Jetsons. 8.00 Lucan. 10.30 Clapperboard North-West. †11.00 Hitchcock: Gregory Peck in "The Paradine Case."

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Gambit. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 The Incredible Hulk. 10.30 The Late Film: "The Sergeant."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. [illegible] 6.00-6.15 Y Dydd. [illegible] 11.05 Outlook. 11.30-12.40 am The Late Film: "The Missing Are Deadly."

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.30 am Castaway. 9.55 Club Club. [illegible] 11.05 The Secret Lives of Edward James. 1.25 pm News and Road and Weather. 3.50 Quick on the Draw. 5.15 Gambit. 6.00 Scotland Today. [illegible] 8.00 The Incredible Hulk. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "The Mummy's Shroud," starring André Morell.

SOUTHERN

1.20 pm Southern News. 6.00 Day By Day. 6.00 Scene South-East (South-East area only). 6.30 What's On Next? 10.30 Weekend. 10.35 Opinion Unlimited. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late Film: "I Want What I Want," starring Anne Heywood.

TYNE TEES

9.25 am The Good Word, followed by North-East News Headlines. 1.20 pm North-East News and Lookaround. 6.00 Northern Life. 6.25 Sportstime. 8.00 The Incredible Hulk. 10.30 Friday Night. 11.00 Friday Night Film: "The Mad Room." 12.40 am Epilogue.

ULSTER

1.20 pm Lunchtime. 3.50 Out of Town. 4.13 Ulster News Headlines. 5.15 Gambit. 6.00 Ulster Television News. [illegible] 6.30 Welcome to the Cardinal. 8.00 The Incredible Hulk. 10.30 Friday Night. 10.40 Police Woman. 11.40 The Cardinal Comes Home. [illegible]

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.50 The Rolf Harris Show. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.32 Westward Late News. 10.35 *The Danton Review.* 10.55 Best Sellers. 11.50 Christian Loves. 12.15 am Faith For Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.50 Andy. 5.15 *Makin' It.* *5.00 Calendar (Emley Moor and Belmont editions)* 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 International Speedway. 11.00 "Black Zoo."

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
† Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-*5.00 am As Radio 2.*

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Pete Murray's Open House (S) (continued from Radio 2 12.30 pm). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House *(S) (continued on VHF). 2.03 Wimble*don, including 4.30 Waggoners' Walk. 7.02 Marks in His Diary (S). 7.30 Sports Desk. 7.33 Fiesta de Dorita (S). 8.02 Barbershop Comes to Town (S). 8.45 Friday Night is Music Night (S). *9.55 Sports Desk.* 10.02 Sequence Time. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S).

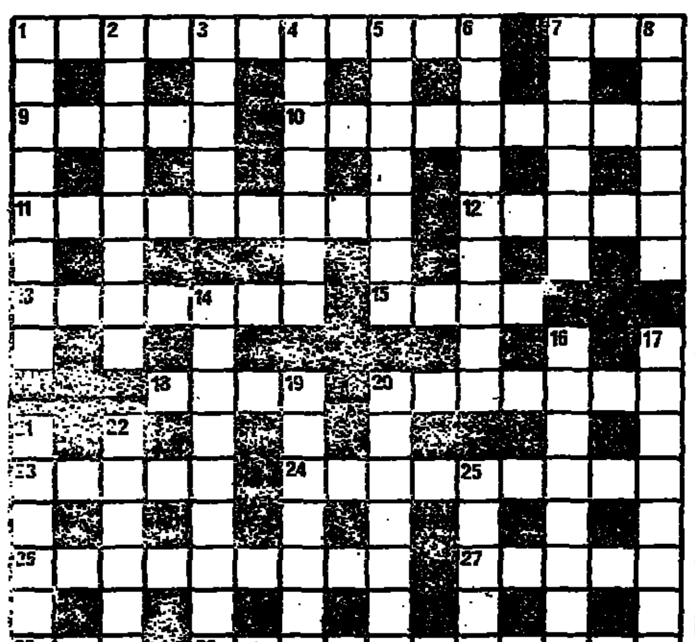
RADIO 3

6.55 am Weather. 7.00 *News.* 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Mendelssohn (S). 9.45 Bridge, Ireland and Scott (S). 10.40 John Alldis Choir concert, part 1 (S). 11.25 Interval Reading. 11.30 *Concert, part 2.* 12.00 BBC Northern Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Northern SO concert, part 2 (S). 2.10 John McCormack in Opera. 2.50 Cello and Piano recital (S). 3.45 The Glazunov Symphonies. 4.25 Comparing Notes (S). 5.25 Homeward Bound (S). 5.45 News. 5.50 Homeward Bound (S). 6.15 At Home (S). *7.10 Rudolf Firkusny piano recital (S).* 8.00 1979 Cheltenham International Festival of Music concert, part 1 (S). 8.40 Adventures of Six Pilgrims by Rabelais. 9.00 Cheltenham Festival *concert, part 2 (S).* 9.40 Poetry Now. 10.05 Brahms Songs (S). 10.45 Building a Library of records (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming *Today. 6.25 Shipping Forecast.* 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Baker's Dozen (S). *10.00 News. 10.05 From Our Own* Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 Announcements. 11.45 *Listen With Mother. 12.00 News.* 12.02 pm You and Yours. 12.27 The Enchanting World of Hinge and Bracket (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Happy Birthday Big Red Bus! 4.35 Story Time. 5.00 PM: News *Magazine. 5.50 Shipping Forecast.* 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 The Week at Synod (report). 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The *World Tonight.* 10.30 Week Ending (S). 10.55 Sounding Off. 11.00 A Book at Bedtime. 11.15 *The Financial World Tonight.* 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

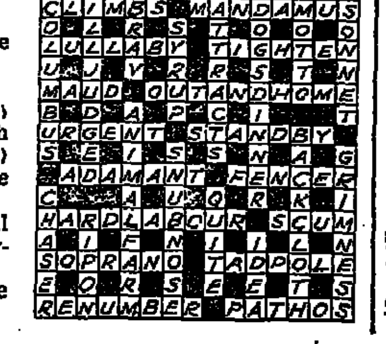
F.T. CROSSWORD PUZZLE No. 4,014



ACROSS
1 Cheat given two votes (6-5)
7 Stuff for the bed-sitter (3)
9 Name of Hungary's capital is an irritation (5)
10 Dodge to right of mechanic (9)
11 Counter top of fraction (9)
12 Cuter form of respite (5)
13 Abnormal sensitivity to everything roughly grey (7)
15 Page determined to pull a face (4)
18 Cut for a bargain (4)
20 *He's learned to clash or explode* (7)
23 Silver about oriental suit (5)
24 Restrict supply of beer on principle (9)
26 State qualification (9)
27 Third-grade deer included in plot (5)
28 Place not in orders (3)
29 Literary man working as the spirit moves (5, 6)

DOWN
1 Approach tied listener (4, 4)
2 Premature to take a French small boy to cathedral (8)
3 *Composer in part of a single* harp concerto (5)
4 Cautions about National Trust receiving mass endowment (7)
5 Striking harvest of surface rock (7)
6 Generous person making very little impact (4, 5)
7 Improve part of record player (4, 2)
8 Performer accommodates marine in bedroom (6)
14 Interpretation of first coat of plaster (9)
16 Countryman left inside *proved agreeable* (8)
17 Checker of a Rolls-Royce compound (8)
19 Wine one takes care of in colonnade (7)
20 Day I catch material (7)
21 Tin church left to scrub (6)
22 Drink of a sort to have before end of day (6)
25 Take place of company upset over dog (5)

Solution to Puzzle No. 4,013



ENTERTAINMENT GUIDE

OPERA & BALLET

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

هكذا من الأصل

THE ARTS

Cinema

Resistible Hobbitts

by NIGEL ANDREWS

The Lord of the Rings (AA) Classics Haymarket and Oxford Street
My Love Has Been Burning (A) Gate Two
Hollywood: the New Generation National Film Theatre
Avalanche Express (A) Classics Haymarket, Oxford St. and Leicester Square; Odeons Kensington, Swiss Cottage and Westbourne Grove

It's a dangerous business confessing to a dislike of J. R. R. Tolkien's *The Lord of the Rings*. Say a word against the book and a hundred mad-eyed Tolkienites will bear down upon you like angry hobbits. It is with trepidation, therefore, that I vouchsafe that when I tried to read *The Lord of the Rings*, I progressed only as far as page 576—half way — and found Tolkien's brand of mythopoeic archness a sort of nursery-wallpaper Wagner, uniquely resistible.

The film is even more resistible than the book. It is like nursery wallpaper sprung to life. Ralph Bakshi, the director-animator who rose to fame with the frisky *Fritz the Cat* and the heady *Heavy Traffic*, seems here to have tried to crossbreed Arthur Rackham with Jackson Pollock. Tolkien's elves and hobbits and wizards are dramatised in pastel-coloured Rackman-esque swirls, and they strut and fret their 135 minutes upon the screen against backgrounds of a sort of unruly Action-Painting colour-wash.

Bakshi, with an army of animators at his command, has made a slowy, hyperbolic, deafening and singularly charmless film. For the battle scenes that crown the story—the film is based on the first two books of the Ring trilogy and climaxes in the battle at Helm's Deep—Bakshi has deployed the ingenious short-cut of taking live-action footage and then adding layers of paint so that it resembles animation. But the painting-over is so crudely done, as if with strokes of black and brown mud, that the scenes are more an eyesore than a spectacle.

Frodo Baggins and Gandalf and Aragorn, meanwhile, and the rest of the story's motley, ringbearing heroes are animated with almost insipid conventionality. None of them spring to idiosyncratic life; and one wonders what on Earth possesses movie animators to go on using the same over-familiar voices film after film. John Hurt, fresh from his vocal exertions as Hazel in *Watership Down*, lends his all-too-recognizable rasping timbre to the role of Aragorn; (and also, if I'm not mistaken, to one or two minor roles in the film). And other well-known, well-used voices — Andre Morell, Peter Woodthorpe, William Squire — turn up in other leading parts. The film, I hasten to add, has done wonders at the box-office in America. *De gustibus non est disputandum*.

Incalculably more enjoyable is the new offering at the Gate Two cinema. Kenji Mizoguchi's *My Love Has Been Burning* was made in Japan in 1949, and it is an early, astonishing harbinger of the Women's Liberation movement. In recent years the Gate cinema has done us proud by Mizoguchi — showing his *Life of O-Haru*, *Sansho the Bailiff* and *Chikamatsu Monogatari*—and in this earlier film by Japan's greatest director of historical subjects we can see him flexing his talent for more intimate story matter.

MACH 51

The time is 1884, the setting Japan during the Meiji Restoration. Against a backcloth of fierce political disputes and the threatened dissolution of the country's Democratic party, we follow the story of a young woman who comes to Tokyo to join the growing movement for women's freedom. She falls in love with one of the Democratic party's leaders and becomes his wife. But this marriage of like minds cracks apart when the husband betrays her with another woman: the very woman whom the wife had taken into their home after she had been freed from a brutal slave compound.

High ideals and basic human emotions clash head-on in this vibrant, beautiful and intricate black-and-white film. Mizoguchi creates visual wonders both from the scenes of spectacle (the waving geometry of flags and banners in open-air street rallies) and of intimacy (the lambent, liquid light-and-shade of the domestic scenes).

From the contrast between the two he builds the story's dramatic tension. The film is neither a tract nor a melodrama: into either of which extremes a careless director might have let it slip. It is, rather, a compulsively believable story given power and resonance by Mizoguchi's clear identification with his heroine and her cause. The film is based on the autobiography of an actual 19th century fighter for women's rights: and if that touchstone of reality were not enough there is the exquisite conviction of Kinuyo Tanaka's performance as the heroine. This plain, plump-faced young woman, whose dumpy features have graced countless Mizoguchi films, sets the screen aglow with a sort of stubborn, incandescent simplicity. The film is worth seeing for her alone—trebly worth seeing for its other beauties and virtues.

"We are the pigs. We are the ones who sniff out the truffles."

So said George Lucas, writer-director of *Star Wars*, and the "we" is the new generation of American film-makers — Coppola, Scorsese, Lucas, Spielberg and company—that have superseded and made virtually obsolete the old Hollywood studio system.

In the days of yore, films were conceived, made and marketed by the big studios. The writers who wrote them and the directors who directed them were—with a few shining exceptions—little more than hired hands who came in to do a job: a job whose contours had already been defined and circumscribed by the studios.

Today, argues an admirable new book called *The Movie Brats* by Lynda Myles and Michael Pye, we have seen the rise of a new "cine-literate" generation of film-makers. In the late 1970s it is the directors, not the studios or the big producers, who are setting movie trends and dictating movie "policy."

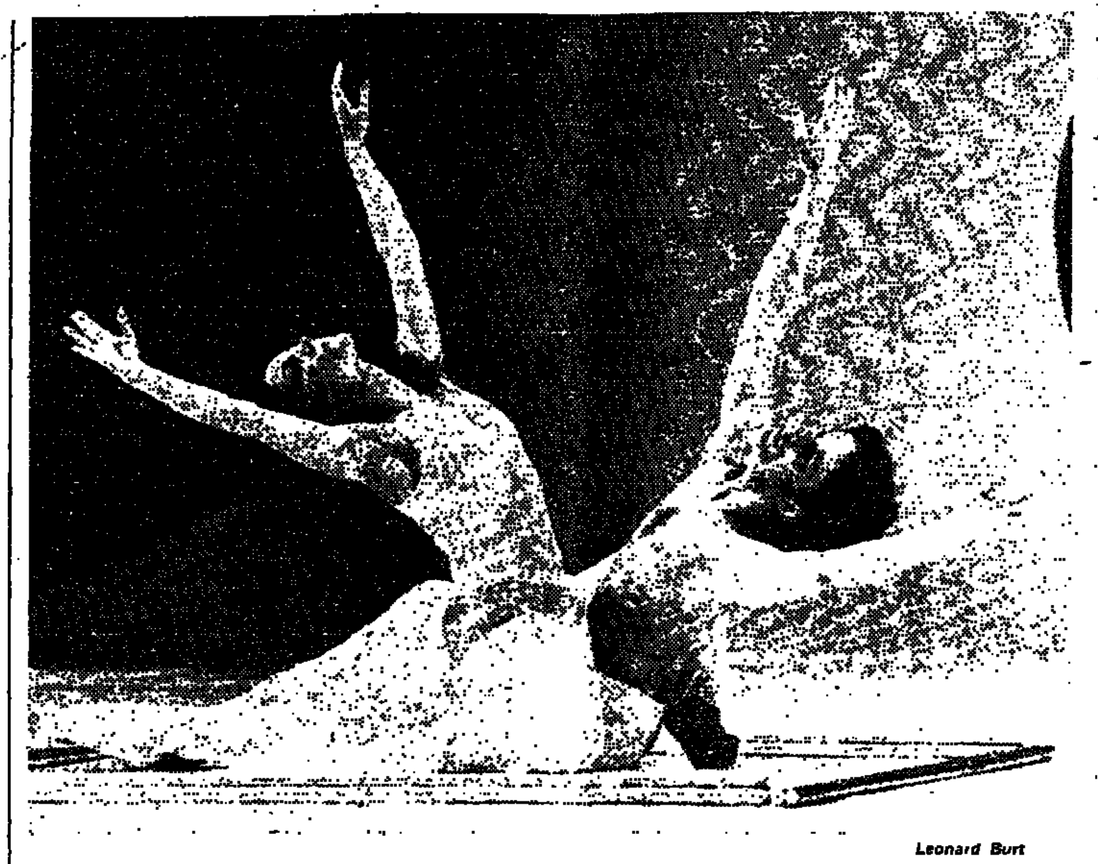
Opening this week—in tandem with the book's appearance—is a new season of movies at the National Film Theatre: "Hollywood, the New Generation." It is showcasing the work of the six directors featured in the book—the four mentioned above plus John Milius and Brian DePalma—and offering a rare chance to see in close succession such masterworks of recent popular cinema as *The Godfather*, *Jaws*, *Taxi Driver*, *Carrie* and *Close Encounters of the Third Kind*.

As the book points out, and the season helps to illustrate, when these directors rose to fame during the 1970s they "had come not from Broadway or the theatre, like the older generation, nor had they come from television, like the '50s recruits. They had *learned* film as film." Most of the directors on show in the NFT season are also screenwriters in their own rights and they are the first big wave of American popular movie-makers whose films are genuinely personal creations.

"Movies are the best train set that a child ever had," Orson Welles once said—before, during or just after making *Citizen Kane*—and it was an apt association of ideas. Films and locomotives have been locked in an indissoluble romance ever since Edwin S. Porter made The *Great Train Robbery* way back in 1903.

In *Avalanche Express* the romance is still going strong, although the participants seem now to be entering upon second childhood. This cut-price adventure story about a defecting Russian (Robert Shaw), and the trans-European express he is secreted aboard to whisk him to Amsterdam, was directed by Mark Robson and looks as if it was made in his back garden: using model trains, styrofoam snow and plaster gnomes instead of actors. Is that truly Lee Marvin—or is it a gnome—growling inexpressively through the role of the CIA agent sent to guard Mr. Shaw? And is that really Maximilian Schell, or a plaster Santa Claus, donning a red wig and false beard as the KGB-man-in-disguise sent to kill or retrieve the defector?

Frodo and Gollum in 'Lord of the Rings'



Leonard Burt

Lucy Burge and Mark Wraith

Sadler's Wells

The Tempest

One of the attractions of *The Tempest* is that, like Prospero's island, it invites exploration. Its hermetic characters and incidents demand that we supply supposition, explanation, investigate its power as a metaphor. Since it lays itself open to interpretation, any interpretation is justified as a proper response to the work—and this must include Glen Tetley's new two-act version, which opened the Rambert season at The Wells on Wednesday.

It can be argued that *The Tempest* is better suited than most Shakespeare plays to dance realisation, because of its magical nature, its compression, its richness of visual imagery. In an introduction to the Penguin edition of the text (to which I turned as a preliminary to seeing the ballet; and be it said at once that a reading of the play is necessary homework to help grasp what Tetley does) Ann Righter observes: "More perhaps than with any other work of Shakespeare's, this is a drama through which the actors could walk silently, and still manage to convey much of its essential nature. The grouping of characters, the very physical appearance of Ariel and Caliban, of Miranda, or Prospero in his magician's robes, possess significance."

But the problem with Tetley's realisation is that he has not intended a mere adaptation of the play into dance terms, but rather sought to show — very properly — the abundant symbolism, the cultural cross-references, the mythic quality, that attracted him to the drama. Thus, as in so many of his ballets, we are confronted with a superstructure of meaning that rises from a simple fact. The programme announces his version as "based upon the play," and it asserts itself, by the very fact of the characters' precise appearance, as a dramatic narrative. And in this it fails, through Tetley's parallel concern with exploring the relationships and resonances which he establishes between these characters and his own mythology in which Prospero is a Leonardo, Ariel and Caliban spirits of air and earth. The result is uncertain as drama, and uncertain, too, as a "Tetley ballet about *The Tempest*."

There is a larger problem with the choreographic text. Whether through lack of the right dynamic inspiration from Arne Nordheim's commissioned score—about which David Murray comments below—or through too generalised a conception of the characters, there results a movement language of long-drawn out but short-breathed incident, which for me rarely achieves that illuminating rightness that is the mark of Tetley at his best.

Dramatic tension between characters, dramatic tension within the exposition of each character, seem slack. They meet, they part, they emote meaningfully at each other, but they seldom convince me of their identity nor of their feelings. Christopher Bruce is a commanding figure as Prospero. There is not another dancer in Britain who could make so much of the role—but it is not one, in this staging, which persuades us of its possibilities in dance terms. Thomas Yang and Gianfranco Poaluzi do splendidly what they can for Caliban and Ariel; Lucy Burge makes a rather mature Miranda: the other dancers nip and tuck and change costume as tirelessly as they dance.

The costumes and setting are by Nadine Baylis. The decor is a fantasy of cloth sails, transformed by projections; the clothes are leotards over which dozens of yards of billowing fabric serve to identify certain characters—Loie Fuller as a Japanese lantern for Ariel; a vast train in fuschia reds for Prospero's cloak. The result is often visually ravishing; so too the use of an immense nylon cloth to suggest the sea. But beneath the cunning trappings, the play itself is lost: and so is the ballet which I wish Tetley had made by ignoring the play as a narrative device, and providing instead a fantasy in which his imaginative gift could have taken wing.

CLEMENT CRISP

*

Arne Nordheim's score for *The Tempest* answers too loyally, I suspect, to what Tetley had in mind, for it does nothing else in its own musical right. It offers dutifully suggestive soundscapes—lush strong chords, modal moonings, endless tintinnabulations ("Sometimes a thousand twangling instruments Will hum about mine ears. . ."); the material is elementary rather than elemental. The engineering is professional, with electronic additions effectively slotted in. The "sweet airs that give delight and hurt not" are Elizabethan borrowings, dropped hopefully into the inarticulate stream of sound. Everything else is rhythmically inert, even with fortissimo percussion, and so innocent of any large shape that there was no guessing when or why either act should stop when it did. If Tetley is pleased with the music Nordheim has given him, I still think his best ballets have been generated from far tougher and more exacting scores.

DAVID MURRAY

James Mason to narrate TV series

James Mason will be the narrator of the Thames Television series *Hollywood*, a documentary on the pre-talkie days of the film capital.

It will be seen this autumn both in Britain and the United States in a 13-part series, each of one hour.

James Mason replaces Laurence Olivier, who has had to withdraw because of heavy film and other commitments.

Phoenix

Night and Day

by B. A. YOUNG

Either Tom Stoppard has written some new dialogue into *Night and Day*, or I missed some of its merits when I saw it before. (One exchange is clearly new: "Are the papers flown in?" "I don't think so. We're still getting The Times.") There are small changes in production; for example, Ruth's spoken thoughts are not so flamboyantly projected as they were, and the only musical support they're now given comes when, in despair, she comes downstage and sings "That's why the lady is a tramp" before giving in to Dick Wagner for the *second time*.

Giving in? No indeed; leading him on. Maggie Smith, who has taken over the part from Diana Rigg, has an extraordinary gift for suggesting melancholy under a surface of frivolity. There is no "glamour" about this Ruth, except in so far as there must be something of that quality wherever Maggie Smith is. But Ruth, with straight, rather lank, hair and biscuit-coloured face, matches ideally the crumbling colonial background, still outwardly as grand as the property of a mining tycoon should be (only a little short of house staff) but racked with the strains of a violently changing world.

Miss Smith has most of the funny lines in the play, for Ruth has the privilege, like Hamlet, of telling us what she is thinking, which is commonly to compare herself with the heroine of some film her current circumstances bring into her mind. She never speaks them for laughs, yet time and again the laughs come, and applause too. Ruth is basically a serious, even a tragic, woman, though, and has many excellent things to say about the problems of being a woman, and the qualities of the Press, whose representatives, covering a civil war in emergent Africa, surround her. Miss Smith says them with a proper womanly passion.

In fact the play's main concern is a discussion of the Press, of the ethics of its owners and its employees, the extent to which the "freedom of the Press" is a real or an invented phenomenon. Patrick Mower has taken over the part of the Australian reporter Wagner, who calls in the strength of his NUJ chapel to scotch the exclusive stories filed by the young freelance Milne (Peter Machin), but finds in the end that only his own story suffers. William Marlowe continues in his excellent playing of the photographer, and there is a fine performance by Olu Jacobs of the Amin-like African president.

Oxford Playhouse

An Ideal Husband

This year's Oxford Festival, spreading its net for foreign visitors, gets off to a popular start with this handsome production, in which money has clearly been spent on costuming the women sumptuously, in particular Mrs. Cheveley and Mabel Chiltern, which is appropriate for Wilde has in this play a shrewd eye for fashion, and delivers some of his wittiest epigrams on the subject of clothes. Intriguingly *An Ideal Husband* is a favourite with audiences in Arab countries. There must be more in common between the mentality of the Casbah and the Wildean drawing room than meets the eye: possibly in both progress, modern woman, intellectuals and so on invite the same scorn.

In production we expect the characters to have a serious basis, but not be too serious, or some of the fun is lost. The ludicrously abrupt changes of plot in the second act are hard to disguise, but it is important to keep a sense of the protagonists' motives and feelings to the fore. On the whole, Davil Gilmore's production strikes a fair balance.

As Lord Goring, John Fraser rightly brings out the complex nature of this no longer quite so young man of fashion. He may lose some of the brittle force of Goring's delivery one lively *bon mot* after another, but the sacrifice is worth it for the genuine sympathy Mr. Fraser touches on.

As Mrs. Cheveley, Hildegard Neil is formidably dislikeable: she too is not altogether shown as a stereotype, and the ins and outs of Chiltern's early misdemeanour, when he sells a cabinet secret for profit, and the cover-up have an all too contemporary flavour.

Wilde's sentimentality along the lines of "everyone has a weakness" shows *how* soft-hearted he was compared with Ibsen. But Miss Neil and Richard Coleman as Chiltern and Bridget de Courcy are right to underline the moral implications of their sordid confrontations. It isn't all fluff (admirably shown by Karen Dotrice as Mabel Chiltern, though Miss Dotrice must learn to project more forcibly) and creaking chairs, which give away the compromising lady in the bachelor apartment. Betty Marsden and Jonathan Cecil deserve mention for comic impact in supporting roles.

GARRY O'CONNOR

Country Cousin

Morgana King

I've never known a Country Cousin audience so silent as during Morgana King's opening set there on Tuesday. The usual celebratory party stopped tickling each other; the waiters refrained from flirting; the drunks went maudlin; there was a hush.

It was hardly because of Miss King's stage presence. A large American lady of approaching 50 she has a subdued personality. She also has a quite extraordinary voice, known to a cult following, and now introduced to the UK for the first time. It specialises in the top of the range, but really Morgana King can easily soar through any number of octaves. Fortunately she does not use it to show off — although for my taste there were times when she indulged herself too much in the highest registers — but to express emotions. Perhaps you have to close your eyes for the full impact, but Morgana King is a very affecting singer.

The material is Radio 2 pop, but something as played-out as Billy Joel's "Just the way you are" comes over fresh. There is even a new case made out for "My Funny Valentine" and "The lady is a tramp." With some dainty guitar backing from Joe Puma, Morgana King has a touch of the Peggy Lee about her, but really she is her own woman. Rarely can a *performer have commanded* such an awe just with her voice. She should be heard if not seen.

ANTONY THORNCROFT

Young Vic

Faust!

Sins that are committed in the name of refreshing the classics are legion, but Michael Bogdanov and the Young Vic Company must chew on some sort of biscuit for this sorry hotch potch. Finding a rhythm in English for Goethe is difficult enough, but it strikes me as a little cheap to just take the title and visit upon it an endless stream of gratuitous Young Viccery: disco punk music, four actors playing the good Doctor, a set that looks like an early draft for Arrabal's *Car Cemetery* and a complete disregard for the source material.

The piece degenerates from there on in into a sort of wan and nightmarish parody of a Stephen Poliakoff play, with Margaret (nicely played by Tina Jones) as a white-stockinged Lolita sadly lamenting her brother's murder in a desolate precinct and Faust impersonated by a trio of Bogdanov regulars—Micky O'Donoughue, Bev Willis and Ian Taylor—as callous tycoon, impressionable romantic and black-leather Fascist. Bill Wallis as the *Ur Faust* watches his own demise from the sidelines in his familiar role of chain-smoking tramp.

Fighting a compulsive need to take notes, I noted the following lyrics which may serve as an epitaph: "Where are we going/ Who are we working for/Working without knowing." I imagine that Jamie Reid, the author, has fallen into the same trap as Peter Flannery in Manchester the other week, where a "version" of an early Brecht play was invoked in an attempt to write a poetically trendy cityscape scenario. Reid's Faust is an Oxford don dissatisfied with the surrounding mediocrity and led by a slick, white-suited Mephistopheles (James Carter) on a guided tour of what he is missing.

Terry Mortimer's music is feeble in the extreme and the sort of stuff reconciles me immediately to the best of the Sex Pistols or the Boom Town Rats. If you know nothing of *Faust*, this exercise will be of no help whatsoever, and if you do care for the original confusion will reign nonetheless. When working with top-class actors and imaginative back-up, Mr. Bogdanov can be a thrilling director as his RSC *Taming of the Shrew* recently proved. But working from scratch, the product is, as here, too often sloppy, noisy and monotonous.

MICHAEL COVENEY

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1265	1000	13379	1000
1317	1000	13609	1000
1985	1000	13621	1000
1986	1000	13712	1000
3141	1000	14974	1000
6134	1000	14981	1000
6136	1000	15185	1000
7098	1000	15821	1000
7131	1000	15824	1000
7971	1000	15892	1000
7972	1000	16522	1000
7988	1000	16989	1000
9395	1000	17153	1000
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By: Chemical Bank, Trustee

Dated: June 29, 1979

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Telephone: 01-248 8000

Friday July 6 1979

Politics and mortgages

THE GOVERNMENT'S reaction to the threat of a rise in building society mortgage rates has not been impressive. The official minimum lending rate has not actually been cut—which, in the face of apparently undiminished loan demands from the banks, would have undermined the Government's monetary stance, and thus its central anti-inflationary policy. But it seems that mortgage rates are different than other rates, and so we have watched the sad spectacle of a supposed strong government begging for political favours.

On the face of it, this performance is both naive and inconsistent. The Government has behaved as if the possibility of higher mortgage rates came as a complete surprise. In fact, of course, the building societies were already running rather short of new funds even before the Budget. The Budget itself made the existing monetary target much harder to achieve, both through the shift towards indirect taxes and above all because it offered little immediate reduction in the borrowing requirement; this is why minimum lending rate had to rise on Budget day. A government which deliberately acts to raise the key money market rate of interest is not entitled to disapprove when other rates rise in consequence.

Competitive return

It seems that some Ministers regard a rise in the rates charged by building societies as the equivalent of an extra tax, which somehow invalidates the direct tax cuts made in the Budget. This is nonsense. The building societies are not tax-gatherers, but non-profit financial intermediaries. It is the need to offer a more competitive return to savers which makes a rise in rates probable, and that should be a cause warmly supported by a Conservative government. It is possible that the wind can be tempered to mortgage holders by a slight compression of margins for the time being, but that is a matter of prudent management and administrative economy. Previous governments have found that putting political pressure on the societies can sometimes be counter-productive.

This is because the building societies understandably treasure their freedom from Governmentr egulation—a freedom which the present Government apparently supports. However, this sympathy between the two sides does not prove that some form of regulation would be undesirable. It is on the face of it an anomaly that a group of financial intermediaries collectively bigger than the clearing banks, and operating as a cartel, should maintain this unique privilege at a time of monetary stringency. The growth rate of the banks is constrained not only by the price of credit but by the "corset" regulations. There is no reason why the authorities should not take some view about the desirable growth rate of the building societies.

House prices

There are two reasons for concern. First, the societies are increasingly offering what amounts to a simple retail banking service, and part of the recent boom in consumer spending was financed from savings held with the societies. Second, it seems clear that the rate at which funds are made available for house purchase must have a strong influence on house prices. A "monetarist" approach to housing finance might be more quickly effective in restraining house price increases than monetary stringency is in restraining house prices in general.

Inappropriate

In this context, the present tightness of housing finance is rather a welcome result of monetary stringency, and the Government might legitimately express a view of how far any attempt to relieve it is consistent with anti-inflation policy generally. Certainly the suggestion by the Labour opposition that the Government should actually lend money to the societies to restrain the rise in rates is wildly inappropriate; this would simply add to the borrowing requirement and add to the pressures pushing other interest rates up. But what the Government has been attempting by persuasion is equally wrong-headed; if the societies' growth objectives are regarded as acceptable, the prices they charge to borrowers and offer to savers should be left to market forces.

Mexico sells its oil

MEXICO, like Britain, is beginning to feel very great benefits to its balance of payments as a result of oil development. Last year Mexico's state oil company Pemex registered export sales of $1.8bn and this year the total has been forecast to touch $3.5bn. With world oil prices continuing their climb it is very possible that this forecast will be comfortably exceeded.

Looked at in strictly geographical terms the U.S. is the obvious market for Mexico's oil and gas. One of the world's biggest exporters of fuel has a common border with the world's largest consumer and importer. Even when one takes into account the cost of laying pipelines from the far south of Mexico where big new finds have been made it is clearly economical to sell Mexican fuel to U.S. buyers.

Underground

The narrow commercial view, however, is not one that the Mexicans fully accept. There are strong and influential voices in Mexico which say that the country would do much better not to export at all and keep the oil and gas underground as appreciating assets, like so much money in the bank. The chief exponent of this view is Sr. Heberto Castillo, a politician who operates outside the governing Institutional Revolutionary Party but whose opinions no government can entirely ignore.

But even those who accept that there is a good case for closely supervised export trade in oil and gas have their doubts about Mexico's becoming too dependent upon the U.S. market. Mexico's giant neighbour is already too close and too influential in Mexican affairs for comfort in the view of many. By far the country's biggest trade partner, the U.S. supplies the bulk of the foreign tourists who visit Mexico's hotels and the biggest chunk of the foreign capital invested in the country.

Having nationalised the oil industry in 1938 Mexicans are keen that it should be kept as free as possible of foreign influence now that its products are in such great demand on the world market. For these and other reasons therefore Pemex has been seeking reliable buyers of oil and gas outside the U.S. Despite doubts about Israel's policies in Central America that country is still receiving Mexican crude. Mexico has had discussions with Spain about increased exports and has done a major deal with Canada.

From next year on Mexico is to sell Canada a minimum of 100,000 barrels of crude a day on long-term contract.

This week the Mexicans have turned their attentions to Japan whose need for oil is greater than that of the U.S. and which, as far as Mexico is concerned, has the advantage of being a lot farther away. It seems that the two countries have been talking about a bargain under which Mexico would sell Japan some 300,000 barrels a day or about 6 per cent of its import requirements.

With Japan increasingly concerned about the continuity of the supply from its major sources of oil in the Middle East, Mexico had a strong card to play. Over the next six months as negotiators get down to the business of fixing prices the bargaining is likely to be tough. Mexico will certainly be seeking a big increase in Japanese investment so as to provide jobs for Mexican workers and higher levels of technology for Mexican industry.

The agreement announced recently between the Alfa industrial group of Monterrey and Hitachi of Japan to put up a $20m plant to produce electric motors and large generators is likely to be followed by similar deals in the next few years in other sectors of Mexican industry. But with Mexican oil production still increasing sharply and perhaps reaching an average of 1.7m barrels a day this year there will still be a lot of crude oil and products for the Mexican and the U.S. oil industries to talk about.

Realistic prices

President Carter's decision to allow oil prices in the U.S. market to rise will allow U.S. companies to offer more realistic prices for Mexican oil and gas than they have in the past. Hitherto Mexicans have baulked at accepting what they consider unrealistically low offers from the U.S., especially for their gas. With long-term contracts clinched with other countries the Mexicans may become less disinclined to sell to the U.S.

WORLD SHIPBUILDING

BY FINANCIAL TIMES CORRESPONDENTS

The struggle to stay afloat

LAST AUTUMN Mr. Mustafa Gokal, Pakistan's shipping minister, went on a world ship-buying tour. His Government had authorised $200m for the development of the Pakistan national fleet.

"My aim," he said, as he passed through London, "is to get the ships without spending the money."

He appears to have succeeded. The order was parcelled out between Poland and Japan and other remnants may yet find their way to Western Europe. Japan's successful bid involved 100 per cent credit spread over 30 years with no repayments in the first ten years and a 3 per cent rate of interest thereafter. Not long before that, the Indians were resisting an offer of £50m-worth of "free" ships from Britain under an overseas aid programme because they thought they could get a more advantageous deal from Poland.

This pitch of lunacy has abated somewhat this year, but still has not disappeared as the world's shipbuilding industry struggles to adapt itself to a period when demand for ships is running at under one-third the industry's capacity in 1976. Last year, 8m gross tons of ships were ordered and 18.2m completed. Many countries' order books, as the table shows, are hovering at one year's work, with severe local shortages.

Since 1975, there has been no increase in the quoted price of most ship types, in spite of rapid world inflation and violent currency fluctuations which have played havoc with shipbuilder's cost calculations. But for government assistance—estimated to be running at £500m a year in the EEC alone—the industry in most countries would have collapsed.

Having allowed shipbuilding to burn a large hole in the fiscal pocket, Governments are now trying to assess whether more good money should be thrown after bad in the interests of saving jobs in depressed areas (from the River Tyne to Cadiz) in the hope that a recovery has started in world shipping which will begin to revive shipbuilding next year or the year after.

In the last nine months there has been an encouraging mini-spree of orders for smaller (30,000 dwt to 100,000 dwt) oil tankers, equipped with all the latest safety equipment, for use in the U.S. trade because of new international standards. Meanwhile, freight rates in the dry cargo trades (mainly grain and ore) have steadily improved doubling the value of many second ships, especially bulk carriers, and reducing the proportion of the world fleet tied up for the duration of the slump in harbours, lakes, lochs and fjords around the world. At the end of May, idle bulk tonnage fell to 35m dwt—about half the level of a year ago.

These are the encouraging points. Against them must be set the almost doubling of ships' fuel costs, which can amount to 60 per cent of total operating costs and which has wiped out much of the gain in freight rates; events in Iran; and the fear of reduced growth in world trade on which both shipping and shipbuilding depend.

There are also other factors. The Eastern bloc shipyards have survived the crisis well because of the steady flow of business from the USSR under its five-year plan, and because, although they deny the use of subsidies, their costs are kept down by the isolation of their currencies and their low materials costs. Poland, for example, was taking orders for 80,000 dwt tankers at $18m, when Japan and South Korea were bidding $26m and Britain $30m.

Outside the Communist states, the so-called new shipbuilding countries—South Korea, Taiwan, Brazil, Singapore and, possibly soon, Mexico and Argentina—are expanding their shipyards for reasons of domestic economic strategy. Last year, for the first time, countries outside Japan and West Europe took over 30 per cent of world orders.

Many of these projects in the developing world have been deflected by inflation and economic uncertainty, but there is no doubt that the expansionist trend will continue. According to published plans, Korea and Brazil alone will together be able to turn out 10m dwt of shipping a year by the middle of the next decade. This represents half the tonnage ordered in 1977 and three-quarters of that of 1978.

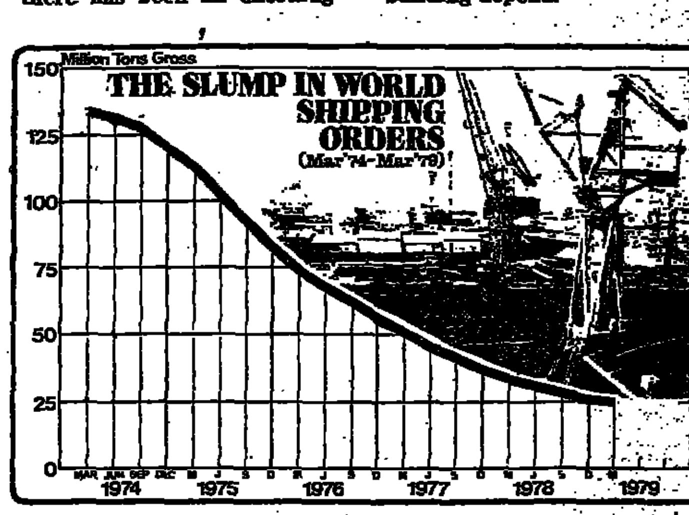
The speed with which the established shipbuilders have adapted to these trends has varied greatly. After two years of being harangued inside the OECD about the need for retraction, Japan last autumn announced plans to cut its industry by over a third and this programme is almost complete.

The summary below is intended to give a snapshot of the position in the shipbuilding countries. The ability of each to compete when the market revives may well depend upon the success with which this rationalisation and reduction of overheads has been accomplished.

WORLD SHIPBUILDING LEAGUE

	Order at March 31	Ships completed in 1978
	(m grt)*	
World	14.9	17.5
Japan	4.2	6.2
Brazil	2.7	0.4
U.S.	2.2	1.1
Poland	1.4	0.7
France	1.4	0.4
Spain	1.3	0.8
UK	1.1	1.1
Sweden	1.1	1.4
South Korea	0.8	0.6
Italy	0.6	0.35
Portugal	0.6	0.3
Finland	0.5	0.36
Yugoslavia	0.5	0.3
W. Germany	0.5	0.8
Norway	0.47	0.32

* Gross registered tons.
Source: Lloyd's Register of Shipping



Far East

● **Japan**: has held around half the world shipbuilding market for most of the last decade, but suffered a string of shipping and shipbuilding bankruptcies in 1977-78. Capacity by this year is planned at 30m grt, against 90m grt in 1972. Employment fell from 87,000 in 1974 to 50,000 this year. Cuts averaging 35 per cent in yard capacity were stipulated by Government and administered by a special shipbuilding board. Other measures to alleviate the crisis: using shipyards for scrapping vessels; use of tankers to store oil; and easy credit terms, for ship exports to developing countries. The industry can count on the loyalty of Japanese shipping interests (which took over half its output last year) in spite of no longer offering the world's lowest prices since yen appreciation.

● **South Korea**: produced 0.7m grt of ships last year and still, officially, intends to treble output by 1986. The two largest new yards (Okpo and Koje) were transferred from small companies to large groups because of financial problems and employment has been reduced at Hyundai by 33 per cent in the last two years. (Workers were transferred to Hyundai's other heavy industry activities.) The Government has set aside $254m to finance shipyards in 1979-80.

● **Taiwan**: has total capacity of 1.8m dwt per year, but is not a significant exporter yet. Its workforce has remained steady at 8,000.

East Europe

● **Poland**: has emerged as one of the toughest shipbuilding competitors in the world. Rock-bottom pricing has captured a healthy order book of 1.6m dwt, stretching into 1982. Two ships sold to West Germany this year were contracted at a price lower than that offered for similar ships a year earlier. The Poles deny subsidising the industry and dumping, but their priority remains the earning of hard currency. Last year 85 per cent of output was exported, of which 60 per cent went to Eastern block countries, mainly the Soviet Union.

● **Yugoslavia**: has a relatively strong order book, helped also by Soviet Union requirements. A big tanker yard has been converted to build floating docks for the Soviet Union. Special credit terms have been offered to Yugoslav owners to order in domestic yards. Employment has fallen from 27,000 to 20,000 in the last three years.

● **East Germany**: Half of the industry's 406,000 grt output last year went to the Soviet Union. The authorities deny offering soft credit and dumping prices for exports, but admit that the low prices obtained for ships is creating a net drain on the economy.

West Europe

● **EEC**: the 1977 Davignon plan to cut capacity by 35 to 40 per cent across the community was rejected last summer. The main emphasis now is on monitoring national aid schemes, with the aim of linking them with restructuring and a gradual reduction of the sums of money involved. The Commission has also drawn up a $190m scrap-and-build plan, designed to increase output by 50 per cent in 1980. This plan still does not have the backing of member states.

● **Netherlands**: plans a 30 per cent cut in building capacity by end-1979, and in a workforce which stood at 50,000 in 1975, but is facing strong trade union resistance. The Economics Ministry has since warned that a 50 per cent cut may be necessary. The country's 150 yards are to be grouped into five units. The Government has taken a direct stake in one group and control of the largest, Rijn Schelde Verolme. Aid to industry totalled Fl 1.5bn (£333m) in 1976 and 1978. Further aid of Fl 700m (£158m) is expected this year. Dutch shipowners have been offered an investment subsidy of 15 per cent plus special investment premium of 5.5 per cent for five years to encourage them to build in home yards.

● **United Kingdom**: most of British industry was nationalised in July 1977. Harland and Wolff of Belfast is also State-owned, but not part of British Shipbuilders. British Shipbuilders' order book is 900,000 grt, which is less than one year's work. BS lost £108m in its first nine months. Harland has just reported a 1978 loss of £25.4m.

One BS building yard and one repair yard have closed, but the last Labour Government refused to back a systematic target for reduced capacity. BS has proposed a 32 per cent cut in its 32,000-strong merchant shipbuilding workforce (in 1978). The Government is to declare a future level of financial support shortly (see p. 36). The Government aims to set up a platform in a British yard. Several yards are expected to close in the next year. Employment has been reduced from 96,000 to 89,000 since 1977.

● **Portugal**: Setenave (state owned) and Lisnave (partially state owned) are both making losses (£5m in 1977, £5m in 1978, respectively). There have been no yard closures so far, but Lisvane plans to cut its 10,000-strong workforce by 1,000 through early retirement. Indirect subsidies are being made via government aid to rebuild the Portuguese merchant fleet. Both yards have diversified into other industrial activities.

● **France**: subsidies worth an estimated Frs 1bn (£107m) were given in 1978, most notably a Frs 450m subsidy to win an order from Poland which will cost the buyer Frs 540m. One repair yard (Terrin) closed, but the Government is now unenthusiastic about further rationalisation.

● **Spain**: industry operated at 45 per cent capacity in 1978, producing 1m dwt of vessels. A restructuring plan for three main state-controlled yards suggested there was 40 per cent overcapacity and proposed an injection of Pts 30bn (£208m). The workforce is to be cut from 30,000 to 23,000 and a system of temporary lay-offs adopted.

● **Italy**: shipyards overall have work in hand for the next two years, but are in acute financial difficulties and two yards will run out of orders this year. Employment fell by 4.5 per cent last year and another 5,000 jobs (out of a total of 25,000) have been forecast to go this year. L110bn (£60m) aid has been promised for 1978-82 by Fincantieri, the IRI group holding company, which dominates the industry; but this cash is held up in the bureaucratic machine, forcing the yards to borrow short-term from banks at high interest rates.

● **West Germany**: output this year of 400,000 grt maximum will be less than half 1978 deliveries. Almost one-fifth of the 65,000 workforce are on short time. A new aid plan for 1979-81 offers federal and state subsidies of DM 660m (£165m). It will take the form of an average 10 per cent subsidy on the value of each ship order in 1979 and 1980. Shipowners have also been offered interest-free loans worth 15 per cent of the book value of their vessels and up to DM 500m for help with liquidity problems. The aim is to concentrate on smaller, more sophisticated vessels.

Scandinavia

● **Sweden**: Eriksberg, one of the five large shipyards, has been closed and the labour force overall reduced from 25,000 in 1975 to 19,000 in 1978. A further cut of 4,000 has been authorised, but redundant workers have to be guaranteed other jobs, £160m so far has been spent on state subsidies to persuade Swedish owners to order vessels and another SKR3.4bn (£365m) is provided to back credit guarantees. The new act extends these payments into 1979. SKR5.5bn (£591m) has also been spent on bad debts with shipowners and in financing a building for stock scheme, which is now being phased out.

● **Norway**: No yards closed, but employment has fallen from 20,000 in 1975 to 16,300 by end-1978. It expected to fall again to 14,000 this year. Subsidies of up to 18 per cent of contract price are available to yards. This has cost the Government NKR 300m (£27m) so far, with a further NKR 200m authorised.

● **Denmark**: Government support is confined to a scheme to attract orders from Danish owners, who can get 80 per cent credit at 8 per cent interest over 14 years with a four-year grace period on interest charges. The order book at 0.55m grt at end 1978 was one seventh the 1972 level and the labour force has fallen by 5,000 to 10,900. Some yards are expected to close.

● **Finland**: No yards closed, but the labour force has been reduced from 15,000 to 13,500 in the last three years. Yards aim to retain this workforce until the end of next year, when a new tranche of Soviet orders is expected. Government has paid subsidies varying from FM15m to FM25m (£3m) on four or five ships for domestic owners. It also operates an inflation insurance scheme, but otherwise does not interfere in the industry.

America

● **Brazil**: Has emerged as the world's number two shipbuilder, thanks to Government policy insisting on domestic construction of Brazil's merchant fleet and a willingness to back unrealistic financing terms on export deals. The industry provides 43,000 direct jobs and 150,000 indirect. The second national shipbuilding plan has a target of 5.3m dwt output per year by 1983 at a cost of $3.3bn, compared with output of 0.8m dwt in 1978 and 1.35m dwt this year. There is extensive government financial involvement. Shipbuilders are exempted from industrial product and regional taxation. The credit period available to exporters is 15 years (double the OECD limit), with low interest rates (5 to 10 per cent). Growth is slower than planned for, but certain to continue.

● **United States**: High costs have prevented U.S. yards playing a major part in ship export markets, but a decline of U.S. orders for both merchant and naval ships is causing problems. Between 1976 and 1978, 1.3m dwt of ships were ordered against output last year of 1.58m dwt. Employment is expected to fall from 181,000 in 1977 to 116,000 in 1983. Sea-train recently closed its Brooklyn Naval Yard in New York after heavy losses. A subsidy system, established in 1936, offers grants up to 50 per cent for vessels built in U.S. yards employing American crew, plus tax advantages and government guarantees for construction costs.

MEN AND MATTERS

Big business at Wimbledon

The news from Wimbledon yesterday, Borg's triumph apart, is that Centre Court tickets are being offered for up to £300. That will dismay any of those 30 big companies — mainly transnation's — who have hospitality marquees at the All England Club and need to acquire seats for important last-minute guests.

All the companies are shy of discussing how they manage to lay hands on enough "show-court" tickets; perhaps they do not want to vex shareholders at home watching the TV. Commercial Union, for example, say its ticket allocation has been "a tenth of what we would like" — but is emphatic that it never deals with the touts: "We plan carefully."

Some companies get large numbers of their employees to apply for tickets in the ballots. Those who strike lucky are given a pat on the head and a cheque to put in the post.

Fifteen of the marquees at Wimbledon are organised for the companies by International Management Group, which has worldwide sporting operations. An IMG spokesman told me that tickets are only bought from touts "if it comes down to desperation." But every effort was made to avoid that source, because it was not ethical. IMG manages many of the players at Wimbledon and is able to augment its supply of tickets from them.

Wilkinson Sword, which regularly has a marquee at Wimbledon, tells me that it has heard of companies paying £80 for last-minute seats. But it plans its own programme of entertaining well in advance, and says it never resorts to the touts.

A senior executive of one British company asures me that it paid £18,000 to one tout last year for extra tickets spanning the fortnight. He says: "In the last two days it is not uncommon for companies to be buying batches of tickets at £900 each." Forc expressed surprise at these figures. But he confirmed that it had bought extra tickets through the classified advertisement columns, well ahead of Wimbledon when prices were low, to augment the official ration.

"What style of mortgage had you in mind?"

Class warfare

Any foreigner who thought Japan was overdoing the security at last week's Tokyo summit (26,000 special police guarding seven heads of state) should have gone along to this week's meeting of the Japanese National Teachers' Union, Nikkyoso.

The authorities despatched an extra 2,500 riot police to the venue to squash any trouble breaking out between the leftist union and its extreme right-wing enemies. Unfortunately for the inhabitants of Fukuoka in southern Japan, 2,500 was not enough. By mid-week, 1,500 rightists had descended on the city determined to break up the meeting, or at least make its proceedings inaudible. This alternative strategy was implemented by broadcasting World War II songs from 197 loudspeaker trucks they had thoughtfully brought with them.

By late yesterday the teachers were still trying to make themselves heard above the din, although foreign teachers apparently felt somewhat intimidated by the colourful Japanese style of political debate.

Inputting art

The British Computer Society is setting up an international conference for September on applied information technology. But the ordinary mortal will not gain much information from a study of the programme—except about the widening chasm between Lord Snow's "two cultures."

One of the topics which will be under discussion is asynchronous conservative magnetic bubble logic. Most of the other titles, chosen by computer specialists from places as far apart as Budapest and Buffalo, N.Y., expand the English language in like manner.

A paper which at least provokes curiosity, while remaining mystifying, is called "The computer as an aid to the investigation of art as exploration." It will be presented by Dr. Ernest Edmonds and Stephen Scrivener, both of Leicester Polytechnic.

I telephoned Edmonds and asked what the connection might be between art and exploration. He explained that he and Scrivener (who went to the Slade School) are both active artists and keen to discover how the artistic process really works. Their project is to put observers in front of computer screens, give them the "elements" of art and await results.

Without a wall

Ian Weston-Smith, chairman of the Morgan Crucible Company, was—surprisingly coolly—stressing his group's "long-standing links with the art world" yesterday, only minutes after what must have been one of his more bizarre confrontations with an artist.

Morgan shareholders are by now well-used to the well-orchestrated, but strongly-felt, protests of a number of Battersea residents who have turned up at annual meetings to voice their disapproval of Morgan's redevelopment plans for a 10-acre former factory site near Battersea Bridge. Three years ago they even managed to get the meeting abandoned.

Yesterday's proceedings were made especially poignant by the bulldozing last month of an enormous mural depicting South London life. Permission to execute the painting, mainly the work of artist Brian Barnes, was granted by Morgan in 1976. But the company claims its intention to redevelop was well known at the time.

The well-publicised controversy may have accounted for the large turnout at yesterday's meeting, and those who came to see the re-run of the annual drama were not disappointed. Strict security precautions, more in keeping with an international airport, could not prevent Barnes and several friends from loudly proclaiming the merits of their case. Weston-Smith struggled through the agenda until, his patience exhausted, 20 specially-hired security men were summoned to eject the demonstrators.

The unceremonious exit at least gave Barnes a chance to serve up his piece de resistance. Lying prostrate on the floor, and clearly emotionally overwhelmed, he pleaded ironically for permission to speak.

Easy does it

A colleague in New York was complaining to his tailor about the delay in making his new suit. "Six weeks," he protested. "The world was created in six days."

"I know," said the tailor. "And just look at it."

Observer

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Can she survive until 1984?

ALL GOVERNMENTS go through phases. First there is the feeling of euphoria, the sense of power, even of superiority that come from having won the general election. Then there is the period of doubt when the problems begin to seem intractable and certainly not amenable to the government's preferred solutions. Finally there may be a period of consolidation as the next election approaches.

Mrs. Thatcher's Government is still comfortably within phase one. Anyone who watched the Prime Minister's performance in the House of Commons on her return from the Tokyo summit meeting could scarcely doubt that her stature is still growing. Mr. James Callaghan and Mr. Denis Healey were put down with ease. Mr. Healey indeed, in those tones reserved for a slightly backward child to whom everything needs to be explained slowly and preferably twice. The official Opposition at the moment presents few problems to the Government.

Pay lapse

Mrs. Thatcher is also in control of her own party. There has been the lapse over MPs' pay, but that is all. She has not yet disappointed the Tory Right, and she has surprised the Tory Left by her authority and grasp. Even when she occasionally stumbles—as she did on Tuesday in reply to a question about nuclear proliferation—there is a feeling of sympathy for someone still going up the learning curve rather than a sense that she is losing her grip.

Yet at the same time there is a general awareness, supported by nearly all past experience, that it cannot go on like this. Governments do run into difficulties and the problems facing any British Government are horrendous. It is also the case that preconceived remedies do not always fit the facts, many of which are unforeseeable. Thus governments are frequently obliged to make an about turn.

Full-term

It should not be surprising therefore that a question commonly asked around Westminster is what will happen when the going gets rough. Some people put it more crudely and demand: what happens when Mrs. Thatcher blows up? Indeed there is a fairly widespread school of thought which accepts that, because of the size of its majority, the Tory Government will survive something like a five-year term of office, but believes that Mrs. Thatcher will not be Prime Minister at the end.

While it would be rash to speculate on such drama, it would also be foolish to deny that the going could get very rough indeed. Whatever the precise cause, at some stage the Tories will find themselves to be, at least for a while, a thoroughly unpopular government.

It also seems quite likely that when troubles do come, they will do so from within the party. Certainly that is the lesson of the past, and it applies to Tory and Labour governments. More damage was done to Labour's legislative plans, for example, by such people as Mr. Woodrow Wyatt, the late Mr. Desmond Donnelly, Mr. Brian Walden and the late Mr. John Mackintosh than by the Tory Opposition. Equally, Mr. Heath's Government of 1970-74 was given a much harder time by its own nominal supporters than by the Parliamentary Labour Party.

For instance, it was during Mr. Heath's period as Prime Minister that the precedent was established that a government could be defeated in the House of Commons without having either to resign or to ask for a vote of confidence. The defeats were quite frequent and came over a wide range of issues. They were occasioned by Tory rebels, Mr. Heath having started with a majority of 30. Anyone who wants to look at the documentary evidence could do no better than to consult Dr. Philip Norton's *Conservative Dissidents**, a book that is essential reading for those posing the question: can Mrs. Thatcher survive until 1984?

Lame ducks

It would be naive to suppose that Mrs. Thatcher is unaware of the difficulties and is not doing her best to head them off in advance. Indeed one of the most striking facts about her Government is how many of the rebels of the Heath period belong to it. Mrs. Thatcher herself is thought to have opposed the Industry Bill from the Heath Cabinet, and it was the Industry Bill—reversing the Government's policy of refusing State aid to lame ducks—which set off the most prolonged rebellion on economic and industrial questions. It was also the beginning of Mr. Heath's about-turn as he recognised that the policies on which he had been elected were not having their desired effect.

Mr. Enoch Powell apart, the most prominent opponent of Mr. Heath's change of course was Mr. John Biffen. Mr. Biffen opposed practically every single interventionist measure adopted by Mr. Heath. He is now Chief Secretary to the Treasury and, in effect, guardian of the party's pledge to cut public expenditure. Other rebels, too, are now in the Government. Mr. Nicholas Ridley, for example, closely followed the Biffen line and is now a Junior Minister at the Foreign Office. Some opposition also came from Mr. Adam Butler, who has been rewarded with the post of number two at the Department of Industry.

The conclusion one draws from this is that on economic matters at least Mrs. Thatcher is leading the Party from the right or rather neo-liberal wing. The point can be pressed further by noting her close working relationship with Lord Thorneycroft, the Chairman of the party. It was he who set the fashion of protesting against excessive public expenditure by resigning as Chancellor of the Exchequer as long ago as 1958.

Mrs. Thatcher is also leading from the Right on Rhodesia, an issue which has split the Tory party ever since the imposition of economic sanctions and which has caused more Tory rebellions than any other. There is no other way of explaining her recent suggestions that sanctions will probably be lifted when the Order comes up for renewal in the House of Commons in November. In fact, the inability to renew sanctions was by no means a foregone conclusion. Mrs. Thatcher could have gone to the House next November and said that very delicate international negotiations were under way and that it was desirable that sanctions should be lifted as soon as possible, but the time was inappropriate—much as Sir Alec Douglas-Home used to do in the past. There would still have been a Tory rebellion, but the Order could probably have gone through with Labour support.

Mrs. Thatcher appears to have rejected that course in advance. No doubt she is following her own inclinations and there is every reason to believe that she belongs to the Right by nature. Indeed her defeat of Mr. Heath in the leadership election was partly a product of right wing rebellion. Yet it is also as if Mrs. Thatcher had said to herself that trouble in the Tory Party comes from the Right: it is therefore the Right that must be placated.

Looking both further back and further ahead, however, it is by no means certain that that analysis is correct. There has also been a tendency to rebel from the Left. On Rhodesia, for instance, the split has been three ways with one group opposing sanctions, another sitting on the fence and a third actively supporting them. It is striking, too, that the Left has emerged quite strongly in the elections to the Party's back bench committees. The main exception is the finance committee, one of whose deputy chairmen is Mr. Jock Bruce-Gardyne who along with Mr. Biffen was a conspicuous rebel against Mr. Heath's about-turn.

Boxed in

It is therefore by no means inconceivable that Mrs. Thatcher has boxed herself in. Assuming that Sir Keith Joseph as Secretary of State for Industry keeps his nerve, her finance and industry team is basically of the Right. Most of it is actively identified with the rebellion against the policies of Mr. Heath. Yet there is a strong residue of left wingers on the back benches. The opposition to any relaxation of economic and industrial policies when the going does get rough is going to be strong from the Ministers concerned. It will be argued that the party changed course in mid-term before, but with no great success.

At the same time there could be a formidable body of opinion on the back benches, as well as from Mr. James Prior as Secretary of State for Employment and perhaps from some of the non-economic Ministers in the Cabinet, calling for change. Which way would Mrs. Thatcher go? The obvious answer now is that she would seek to press on with her original policies, but the answer is as hypothetical as the question because she has not yet had to deal with a rebellious party and the immediate outlook is still fairly calm.

By-elections

For the future, one has only to look at the record of past governments to realise that the climate will change. The turning point in the Government's fortunes could be the rate of inflation or the level of unemployment or perhaps something entirely unforeseen, but it will come. The popular dissatisfaction will be expressed in by-election results. It may be of no great significance that the Gallup Poll in June already had Labour back in the lead, but it does show the fickleness of public opinion. There may also be a Liberal revival. The dissatisfaction in turn will spread to the Parliamentary Party. It is awareness of the nature of this political cycle that makes people ask: can Mrs. Thatcher survive or, more particularly, how will she react when the troubles begin?

The questions are of course impossible to answer, but what is interesting is that they are being raised on both sides of the House and not least among the Civil Service. The doubts are the product of the years of relative failure. It is as if few people believe any longer that radical change is possible, or that any government can do what it sets out to do.

Trevor Humphries

"There is a fairly widespread school of thought which believes that the Government will survive something like five years, but that Mrs. Thatcher will not be PM at the end."

Meanwhile, there is perhaps one man worth watching if the doubters are right. He is Mr. Humphrey Atkins, now the Secretary of State for Northern Ireland. Mr. Atkins was Chief Opposition Whip under both Mr. Heath and Mrs. Thatcher, itself a rare distinction. He knows the party and is believed to have played a key part in the formation of the Cabinet. He has also made an impressive start in his new office. Watching him in the Northern Ireland debate on Monday, it was impossible not to be struck by his mixture of patience and firmness. If Mrs. Thatcher were to fall under the proverbial bus, he would be one guess for the succession. More to the point, he could be the man to whom the Prime Minister could turn for advice when the going gets rough. His advice could yet be crucial for the direction of the Government.

* *Temple Smith, £10.*

Malcolm Rutherford

Letters to the Editor

The City and the Budget

From the Chairman, M and G Group

Sir,—Not merely your own correspondence columns, over the past few days but also Press comments appearing elsewhere have been giving the impression that "the City" is displeased with the Budget. It is obviously desirable that this misunderstanding should be both explained and dispelled.

Now so far as I am aware, there has not been a single public condemnation of the Budget by anyone who might be regarded as speaking for "the City." Doubts may of course have been expressed in private conversations; but the main source of the misunderstanding seems to have been the movement of prices on the Stock Exchange. Mr. Ledebore's letter (June 27) is an example. Unfortunately, but perhaps inevitably, the great majority of people still probably believe that security price movements are determined by stockbrokers, merchant bankers and other mysterious figures whom the average newspaper reader never meets, and letters such as that of Mr. Ridout (July 3) will need to be supplemented by a great many leading articles, TV programmes and education courses before prejudice gives way to fact. Mr. Ridout, however, is altogether too diffident; the Budget is inevitably only one of a number of influences currently operating in the securities markets and some of the others (such as the actions of the Organisation of Petroleum Exporting Countries) are extremely powerful. Even Mr. John Baker White (June 26) seems to think that share prices have fallen because bankers and others are "moaning" instead of looking courageously ahead like the Prime Minister.

Sir Geoffrey Howe and his colleagues have indeed envisaged and pointed the way to economic and social developments which the financial community both welcomes and supports. Impressions to the contrary are unfounded. But City institutions would merely make themselves look ridiculous if they pretended that economic growth was assured and everything in the garden was lovely just because we had had a good imaginative Budget.

Edgar Palamountain,
Three Quays,
Tower Hill, EC3.

Lukewarm response

From Mr. S. Fowler

Sir,—The pained reactions in your columns to the lukewarm response of the City and business to Sir Geoffrey Howe's first Budget seems so reasonable, but is it really surprising and does it really matter?

It should not be surprising if individuals in the City or business rather than anywhere else have become conditioned by an understanding of the political economy which everyone else seemed to subscribe to, and particularly one which seemed to be so orthodox, rational and caring. The foundation of post-war Fabian economics is a fervent belief in the ability of Government to direct economic behaviour in a productive fashion.

The idea that the reaction of "influential" citizens of the private sector matters to the successful outcome of Budget initiatives appears to fall into the same trap. It assumes that success rests upon a series of rational behavioural responses throughout the economy. This assumption is, of course, encouraged by the claims of formal forecasting, ironically led by the Treasury.

Not the least delight of "agnostic" economics, including trust in the market place, is that things seem to happen there which bear no relationship with the most obviously linked behavioural responses.

The example of currency appreciation serves well. There is abundant evidence to suggest that, for whatever reason, currency movements have no effect on competitiveness and only determine the inflation rate, or domestic price level at which business is done. This has been so in strong currency countries in spite of regular warnings to the contrary from exporting businesses, and the process is presumably therefore not dependent on business confidence in it.

Similarly, the International Monetary Fund measures in 1976 were interpreted, on the basis of conventional analysis, as deflationary. As I recall there was no shortage of businessmen subscribing to concern about loss of output and rising unemployment. In the event the economy proved tremendously resilient, although what passed for slow growth did conceal a healthy shift in the balance of consumption and investment.

Mrs. Thatcher and her Ministers have so far shown that they are not afraid of leadership from the front. I doubt if they will be too upset or too surprised to find themselves a little exposed.

S. A. Fowler.
13, Hestercombe Avenue, SW6.

Bypass the Quangos

From the Chairman, Consultative Group of Greater London Chambers of Commerce and Trade

Sir,—Governments, haunted by the spectre of rising unemployment, have been pouring resources into the depressed regions to build factories; into nationalised industries; and into large "lame duck" firms. None of these, because of their established natures, has been able to add substantially to the job pool. A survey by the Massachusetts Institute of Technology (Financial Times article June 30) reveals that 66 per cent of all new jobs in the U.S. were generated by small firms employing 20 or fewer people.

Recent Governments in this country have recognised the importance of small firms as a source of employment. The present and previous administrations tried to assist small firms by appointing a Minister; we have a Council for Small Industries; a Small Firms Counselling Service; a Small Firms Information Service; Finance for Industry etc. We now also have Greater London Council's London Industrial Centre which absorbs substantial funds from the rates (£250,000 on advertising in one year) large office accommodation and many dedicated and experienced staff yet the number of additional jobs brought to London must be counted as insignificant.

Is this huge bureaucracy cost effective? There is an infrastructure throughout the land in day-to-day touch with small firms. The Chamber of Commerce and its movement has had to contend for years with the squeeze on small firms and the rise in central and local government bureaucracy. The trend should now be corrected and the Chambers used to communicate between government and small firms. We hope that the new Minister, to whom we all wish success, will consider such an approach.

The advantages? No charge on Government funds; the involvement of dedicated voluntary businessmen and who know their locality and are committed to the success of free enterprise; and official recognition of the importance of the representative role of Chambers of Commerce and Trade.

The Association of British Chambers of Commerce, the National Chamber of Trade and the CBI's Smaller Firms Council should grasp the opportunity to combine their strength in a programme to wrest back the initiative for the regeneration of small firms from the quangos and the mushrooming costly government agencies. With the spotlight firmly on small business, a united strategy now will bring benefits to the country as well as to our members.

P. L. Style.
Mitre House,
177, Regent Street, W1

Watching local budgets

From Mr. H. Montgomery

Sir,—The dilemma over local government spending (Michael Crown July 3) can be alleviated by adopting the well known (but seldom achieved) dictum of "no taxation without representation." By giving commerce and industry voting (or blocking) powers over local taxation, excess spending by all local authorities is likely to be reduced and high spenders made to argue their social intentions to those who provide the most income.

In this way private citizens and industry would both benefit from more realistic and socially acceptable local government budgets.

H. B. G. Montgomery.
11, Manchester Square, W1.

Business motoring

From Mr. G. Hartwell

Sir,—I would be grateful to anyone who could explain how to make the Inland Revenue "foot the bill" for my motoring.

For some years it has been fashionable to use such expressions, to the point at which there are people gullible enough to take them at face value. The fact is that most of us are taxed on our personal income. If we are in any kind of business, it is the so called "profit" or real income which determines the tax we pay. If, to carry on that business at all, we have to go to clients' premises or to look at machinery in out of the way places, then that costs us money. That money is a proper and necessary expenditure and reduces the real income. It is a consequence that the tax levied on the business is smaller by a part (but only a part) of that reduction, but only the most extraordinary imagination could suggest that it is the Inland Revenue which foots the bill. Indeed, if the journey were not made, the business would not be done and the Revenue would be the poorer.

Moreover, if I only am required to be in a place, there is no way in which a more "efficient" journey could be arranged with three or four other people. They would just have no cause to go my way. Motoring may be a private pleasure to some. Business motoring is an unattractive, costly and miserable chore to most.

G. M. Beresford Hartwell,
7 Beddington Gardens,
Wallington, Surrey.

A view from Lloyds Bank

From the Editor, Lloyds Bank Review

Sir,—Some of your readers may be puzzled by the news that "even Lloyds Bank proposes novelties" in the field of monetary reform. ("Lombard," July 3.) Your commentator, Anthony Harris, was referring to an article in the July issue of *Lloyds Bank Review*, "Government Borrowing by Deposit," by Professor Robert Neild.

As we always say, "the Bank is not necessarily in agreement with the views expressed in articles appearing in this Review. They are published in order to stimulate free discussion and full inquiry."

Christopher Johnson.
P.O. Box 215,
71, Lombard Street, EC3.

Cold water works

From Mr. B. Finney

Sir,—As principal of a company associated with pharmacology, I expect I must identify myself with that happy blinkered race described by David Carrick in his article (July 3) on the great enigma "Hay Fever." Commercially, I would be delighted if more drugs were used to combat the various forms of this malady, but alas the side effects of practically all preparations take their toll in some form.

Since the majority of David Carrick's articles are based on common sense, why oh why does he not in this instance publicise a wider use of the compound H_2O? Immersing or washing the face in cold water, preferably not higher than 10 degrees C, works wonders in the constriction of blood vessels, and curbs a good deal of misery suffered by the masses susceptible to this nasal curse. As a lifetime sufferer I underwent the complete cycle of allergy tests, without being made any wiser to the cause, and on the advice of a good medical friend I resorted to the cold water wash some years ago. Barbarous though this practice may seem in depths of winter, it is surprising how soon becomes objectionable the use of warm water once the alternative pattern is established, and although the cold douse is not in itself a cure, it is easy enough to repeat every two or three hours when problems are at their peak.

Perhaps many like me can get lucky and, who knows embark on yet another verse of the good doctor's battle hymn to "cast care aside."

Bert Finney.
32, Sandown Drive,
Sale, Cheshire.

Today's Events

GENERAL

U.K.: Transport and General Workers Union automotive group conference, Scarborough.

National Union of Mineworkers conference, St. Helier, Jersey, final day.

National Union of Railwaymen's conference continues, Paignton, Devon.

National Union of Blastfurnacemen's conference concludes, Torquay.

Prince Charles visits Ruston Bucyrus engineering company at Lincoln.

Sir Kenneth Cork, Lord Mayor of London, receives four Madrid city councillors at Mansion House, before leaving for Spain on July 8.

Henley Royal Regatta (until July 8).

Cheltenham International Festival of Music opens (until July 15).

Overseas: Mrs. Imelda Marcos (wife of Philippines President) starts four-day working visit to Peking.

Herr Hans Dietrich Genscher, *West German Foreign Minister*, final day of visit to Iraq.

Organisation of African Unity meeting in Monrovia, Liberia, second day.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

OFFICIAL STATISTICS

Gross domestic product; personal income, expenditure and saving (first quarter). Construction—output (first quarter).

COMPANY RESULTS

Final dividends: Regalian Properties. Tollemache and Cobbold Breweries. United Kingdom Property Company.

Interim dividends: Eucalyptus Pulp Mills.

COMPANY MEETING

United Engineering Industries, Midland Hotel, Manchester, 12.

GEC profit tops £378m: dividend up

PRE-TAX profits of the General Electric Company rose from £325.3m to £378.4m in the year ended March 31, 1979, and the directors are lifting the dividend from 4.045p to 6.25p with a 4p final.

The profit is after interest on capital notes of £19.2m against £18.8m and includes interest and investment income of £53m (£36.6m) and £21.8m (£13.7m) share of associates.

On dividends, the directors say the lifting of restrictions gives rise to a very special situation in which appropriate standards in respect of yield and cover have not been established.

Sales for the year increased slightly from £2.34bn to £2.8bn. Tax takes £158.7m against £166.9m giving earnings per share of 31.8p compared with 24.1p. After minorities of £5.1m (£3.3m) attributable profits are up from £155.1m to £214.6m.

On a CCA basis, pre-tax profit is reduced to £309.2m.

Turnover, including inter-group sales (in £m) comprised in the UK: power engineering £401 (£393); industrial £327 (£294); electronics, automation and telecommunications £862 (£872); components, cables and wire £328 (£298); consumer products £278 (£244); and associates £91 (£85).

Overseas subsidiaries contributed £487 (£608), associates £145 (£88), and other activities and items £22 (£37).

The 1978 figures for subsidiaries include the whole of the sales and profits arising from GEC's major activities in South Africa, whereas the 1979 figures for South Africa are included under associated companies but only to the extent of the one-half share retained.

Turnover and profits of other associated companies are similarly included to the extent of the group's interest in them.

Bank balances and deposits, less bank overdrafts, were £730m at March 31 (£617m).

See Lex

Scottish & Newcastle slightly ahead at £36m

AFTER A first-half downturn from £22.1m to £21.57m, Scottish and Newcastle Breweries finished the year to April 29, 1979, with pre-tax profits marginally ahead from £35.4m to £35.7m. Turnover was up £37m to £426.9m.

However this relatively flat profit performance contains some hopeful signs, Mr. Peter Balfour, chairman, states. There was a much better performance in the second half with operating profit up 14 per cent despite a delay in applying a price increase.

Hotels, managed public houses and wines and spirits all showed good increases. Beer wholesaling started to reverse the trend of the last two years, and made up much of the ground lost during the first half.

The chairman says the recent budget changes have made the short-term very difficult to predict. He is satisfied with the progress made by the hotels, public house and wine and spirits and believes they will continue to prosper.

The major part of profits still comes from beer wholesaling and, the chairman says, the changes made here are beginning to show results.

Earnings per share are stated as 8.5p against 10p. The final dividend is 2.527p stepping up the total for the year from 3.409p to 3.977p.

An analysis of operating profit shows wholesale beer contributed (in £m) £23 (£23.2), managed public houses £8.9 (£7.2), hotels £3.5 (£2.5), wines and spirits £2.1 (£1.5) and other activities, £0.3 (£0.5).

Referring to the proposed restructuring of the Harp consortium, the chairman says that the group's investment in Harp Lager stands in the balance sheet at £8.3m which represents 33 per cent of the equity and loan stock of Harp Lager.

The net effect of the acquisition of assets during the restructuring of Harp, after tax and other payments, and taking account of the release of S & N's 32 per cent stake in Harp will be an additional payment by the group of less than £5m, but the exact sum cannot be determined until the deal is completed.

The current forecast is that, while the effect on cash flow will be immediately positive there will be little change in the profit and loss account until the group starts to use the increased production capacity, after which it will be increasingly favourable.

	1978-79 £m	1977-78 £m
Turnover	426.9	389.5
Operating profit	37.8	36.2
Associates	2.3	2.2
Financial income	1.3	1.8
Financial expenses	5.7	3.8
Profit before tax	35.7	35.4
Tax	11.4	7.0
Net profit	24.3	28.4
Extraordinary debit	—	5.7
Preference dividends	0.5	0.5
Attributable ordinary	23.8	22.2
Ordinary dividends	11.2	9.7
Retained	12.6	12.5

After being over 4 per cent down in volume at the half year, beer sales ended the year 1.3 per cent down. The group began to regain its market share and this trend has continued in the current year. The recovery has been noticeable in all brands. Several new brands have been launched and in canned ales margins have improved.

New depots were opened at South Gyle (Edinburgh), Cleveland and Southampton. Further depots at Washington New Town and Kenton to serve South and North Tyne will be opened during the coming year, and directors are seeking an additional depot to serve south-east England.

A new primary warehouse at Fountain brewery has been completed and a new bottling line has been installed. The second high-speed can line is now in use. At Tyne brewery work has started on the first phase of a new bulk packaging line and associated primary warehousing due to be completed in 1981.

Major alterations and extensions have been made to a number of hotels, including the Kensington Palace, the Gosforth Park, and the County at Newcastle.

The cost of these, with the fact that sections of the hotels are likely to be out of commission for a time, will restrict profit during the current year, but the group should see the benefit in 1981. "We are currently looking for further opportunities in the hotels field," says Mr. Balfour.

Expenditure on improving houses has paid off and the board proposes further investment in both new and existing houses. Five new houses were built or acquired, seven were sold, and four closed. Thirty-two major alteration schemes, each costing more than £30,000, were completed.

Waverley Vintners again produced record results, and Christophers Gin is making excellent progress. Improvements to blending and bottling plant at Leith and extensions to distilleries were all completed to support the increased sales of Mackinlays and other group whiskies. Planning is at an advanced stage for a new wine bottling plant near Newcastle.

See Lex

HIGHLIGHTS

GEC's dividend increase was regarded by the stock market as being on the miserly side, but the year's results were well up to expectations. BP has issued a surprise statement giving details of a special dividend first promised, but then frozen, two years ago, and—more importantly—has forecast a more than doubled dividend payment for the current year. On the brewing front, Scottish and Newcastle achieved some recovery in beer volume during the second half of its year—but for the 12 months as a whole its market share is still down. Electronic Rentals' profits have been held back by the costs of rationalising the British Relay acquisition, though the under lying trend in trading is strong. All these company statements are considered in the Lex Column, which also looks at the Bank of England's decision to release special deposits on a temporary basis.

Electronic Rentals £1m up after £3.5m write-off

AFTER WRITING off £3.45m towards the cost of acquiring rental and relay interests of British Relay Wireless, Electronic Rentals Group lifted taxable profit for the year to March 31, 1979, by £1m to a record £14.71m. This represented a £0.97m slowdown in the second half following growth from £6.23m to £8.71m at half-time.

With no provision for deferred tax, the tax charge was £2.69m (£1.92m) leaving stated earnings per 10p share lower at 15.1p (16.1p), or 19.6p (16.5p) basic adjusted for the integration and rationalisation costs.

A net final of 4.7727p steps up the total from 5.0454p to 7.006p on enlarged capital, thereby bettering the midterm forecast of a 34 per cent rise. In December the directors said they proposed to recommend an 8.25p total for 1979-80.

A scrip issue and consolidation is now proposed under which each 10p share will be replaced by two 25p shares.

The directors are also seeking approval for an employees' share scheme under the 1978 Finance Act, with the appropriation for 1978-79 estimated at £424,000.

Integration and rationalisation costs of the BRW assets takeover are expected to total £6.75m. The £3.35m written off this time was the amount incurred during the 12 months. This compared with a £306,000 write off for 1977-78.

Before these costs, but after higher depreciation of £29.93m (£24.07m) and interest of £5.19m (£2.96m) profit was up from £14.01m to £18.17m.

	1978/79 £000	1977/78 £000
Turnover/Income	124,004	100,948
Trading surplus	53,291	41,368
Depreciation	29,926	24,069
Interest	5,190	2,975
Lease Payments	10	315
Profit	18,165	14,009
Integration costs	3,452	306
Pre-tax profit	14,713	13,703
Tax	2,689	1,918
Net profit	12,024	11,785
Minority interest	2	10
Extraord. debit	5,066	1,182
Employee share†	424	—
Dividends	5,784	3,678
Retained profit	752	6,935

† Proposed scheme.

This comprised, in £000s, rental in UK £16,880 (£12,180), on sales of £78,880 (£59,670); overseas rentals £1,550 (£1,360) on £11,070 (£10,160) sales; retailing £375 (£127) on £7,410 (£6,040); camping and leisure loss £413 (£152) on £26,020 (£24,750); property £229 (£256) on £126 (£71) turnover; miscellaneous activities loss £362 (£31) on £496 (£256 turnover). Less holding company deficit £89,000 (profit £291,00).

Extraordinary debits of £5.07m (£1.18m) consist mainly of an amount written off the relay network acquired from BRW so as to equate to the directors' valuation of its economic worth. The 1978 charge related mainly to a write-off of goodwill following a change in accounting policy.

See Lex

Burtonwood advances to £1.9m

AFTER further improvement in the second half taxable profits of Burtonwood Brewery Company (Forshaws) advanced from £1.54m to £1.88m on turnover ahead from £10.94m to £12.72m.

At midway the pre-tax surplus rose from £763,545 to £879,232.

After tax of £803,555, against £720,581, stated earnings per 25p share were ahead from 18.7p to 24.4p.

The final net dividend of 2.388p takes the total from 3.456p to 3.888p.

Jas. Finlay margins under pressure

WHILE THE long-term statistical position is likely to be in favour of tea producers, James Finlay and Company has some reservations about the short-term and profit margins in all producing areas are much reduced, Sir Colin Campbell, the chairman, tells members in his annual statement.

He adds that the group firmly believes that the establishment of an international agreement with a suitable buffer stock arrangement would be practicable, although it would of necessity be an intricate operation.

Finlay is also continuing to give its support to proposals to establish a tea futures market in London.

The chairman expresses relief that worthwhile promotion through the UK Tea Council has been started again and that figures show some improvement in consumption levels in 1978 compared with the previous year.

The chairman reports that the group has not received in full its profit remittance from Kenya in respect of 1977, which on the pattern of the past it would normally have expected to have received in the third quarter of last year.

"While we are very sensitive as long term investors to Kenya's difficult foreign exchange position, the fact remains that the terms of Kenya Foreign Investment Protection entitled us to remit our profits," he states.

"We have for some months now been representing the position to the authorities, who continue to assure us that the hold up is temporary," Sir Colin adds.

Although Tata-Finlay in India had a reasonably satisfactory year, the chairman says that the overall margin between selling prices and production costs is too low for comfort, both for the company and the country.

He says it is up to the Government of India to procure a fiscal situation which enables profit to accrue from the extension of existing tea areas.

As reported June 8, mainly reflecting markedly less buoyant tea prices last year, group pre-tax profits for 1978 fell from a record £15.78m to £12.14m, on increased turnover of £85.14m (£72.99m).

The chairman says prospects for the current year are much dependent on the trend of tea prices, but expresses confidence that the group will again give a reasonable account of itself.

In respect of its offshore energy interests, Servoil had another difficult year and the group is in the process of discontinuing its operations.

At balance date, group fixed assets were almost doubled from £23.93m to £47.68m and net current assets increased from £21.83m to £26.51m.

Meeting, Glasgow, July 27, noon.

See also Bids and Deals

C. E. Heath's borrowing limit trebled

Shareholders of C. E. Heath, the international insurance broker, have approved an increase in the group's borrowing powers to three times the total issued share capital and reserves.

Mr. Frank Holland, the group chairman, explained that circumstances could arise where the company might have large-scale borrowing requirements.

He quoted the instances of the recent purchase of Groupe Sprinks, the capital requirements of the motor leasing group, and the funding of large claims, such as the DC10 disaster.

Commenting on the link-up of large UK insurance brokers Mr. Holland said: "I am not convinced that big is best if it leads to a deterioration in service." He added that the group was still keeping an open mind.

CENTRAL MANUFG.

Hanson Trust has purchased a further 502,800 ordinary shares in Central Manufacturing and Trading, the engineering, metal processing and industrial services group, to take its total holding to 3,510,302 shares—roughly 13.6 per cent of the issued ordinary capital.

Gough Cooper recovering with £501,000 at interim stage

FOLLOWING THE decline from £1.25m to £0.5m in the previous full year, taxable profits of Gough Cooper and Co. picked up from £285,000 to £501,000 for the six months to March 31, 1979, on turnover of £12.37m against £11.99m.

In the annual report in February, the directors said they looked forward to results for this year at least as good as those for the year ended September 30, 1977.

They now express confidence that these results will be achieved.

Taxable profits reached a peak £3.96m in respect of 1972-73, but subsequently fell to reach a level of £0.86m three years later.

Half-yearly interest charge was £457,000 (£124,000) and after tax of £125,000 (£4,000 credit), earnings per 20p share rose by 4.11p to 4.78p. The interim dividend is 2.1p (1.98p) net—last year's final was 3.35p.

	Six months 1978-79 £000	1977-78 £000
Turnover	12,366	11,992
Rental income	341	298
Trading profit	958	409
Housebuilding	274	*61
Undevel. land sales	53	—
Plant hire	425	189
Property invest.	265	256
Builders' merchants	22	31
Specialist services	*88	*16
Interest payable	457	124
Profit before tax	501	285
Taxation	125	†4
Attributable	376	289
Interim dividend	165	156
Retained	211	133

* Loss. † Credit.

● comment

Gough Cooper has already forecast that full year figures will be at least as good as those recorded in 1976-77. And with the present boom in house prices and the burgeoning profits from plant hire it is well on the way to achieving the goal—at least at the trading profit level. But a big jump in interest charges at the halfway mark casts some doubts as to whether the group can meet the implied £1.3m in pre-tax profits. The interim dividend has been increased by a modest 6 per cent and it is covered 2.2 times by stated interim earnings. Assuming a similar cover and a tax rate similar to that of the first half a full year dividend of around 5.6p net could be paid (last year 5.28p). With the shares at 86p that would make the yield around 9.5 per cent if the group meets its pre-tax target.

Celestion Industries advances to record £1.3m at year end

TAXABLE PROFITS of Celestion Industries rose from £1.18m to a record £1.31m in the year to March 31, 1979, on turnover well ahead at £32.45m, against £20.03m.

At midway, the surplus was up from £414,000 to £456,000, and the directors expected full-year results to be better than last time.

After tax for the year of £130,000 (£85,000), earnings per 5p share are shown as 5p (5.09p). The net dividend is stepped up from 0.75p to 1p.

There was a surplus on sale of investments of £678,777, compared with £427,027.

The group makes and distributes sound reproduction equipment and clothing.

● comment

But for Wood Bastow's first full-year contribution of roughly £0.5m, Celestion's profits would have looked very unhappy. Rising interest rates have more than doubled finance charges to around £0.5m and the strong pound has taken a heavy toll on exports, the mainstay of the loudspeaker division where profits dropped by nearly 50 per cent. In the clothing division, profits are nearly a tenth lower after stripping out WB—a disappointing result considering the company's main customer is Marks and Spencer where garment sales have been strong. Part of the reason is Celestion's large exposure to the swimwear market (around a tenth of the group's clothing sales), which has had a disappointing year. Group prospects look somewhat better this year as WB, also a supplier to Marks and Spencer, seems to have sorted out its production problems. But a stronger pound can only make overseas markets that much more difficult to regain. At 31½p the shares are on a p/e of just over 6 while the yield is a well covered 4.7 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Birmingham Pallet	int.	1	Aug. 20	2	—	6.25
Burtonwood		2.39	Aug. 24	3.46	3.89	3.46
Celestion		1	Sept. 10	0.75	1	0.75
Electronic Rentals		4.77†	Sept. 7	3	7.01†	5.05
GEC		4	—	2.06	6.25	4.05
Gough Cooper	int.	2.1	Aug. 28	1.98	—	5.36
Greene King		6	—	4.58	9.45	7.26
Routledge		3.2	Oct. 4	2.8	4.6	4.05
Russell Bros.		3.63	—	3.28	4.88	4.28
Scottish & Newcastle		2.53	Aug. 21	2.06	3.98	3.41
Technology Inv. Tst.		2.1	Sept. 6	2.6	3.1	2.6
Tex Abrasives		2.42	Sept. 14	2.27	3.17	3.02

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Court Line liquidator warns on amount of distribution

Mr. Rupert Nicholson, joint liquidator of Court Line, told a meeting of creditors it was too early yet to raise any hopes that the ultimate distribution to unsecured creditors will exceeds 10p in the pound.

To date a dividend of 3.5p has been paid to all creditors and he did not expect to be in a position to declare a further dividend this year.

This was partly because of the necessity to await the return from the Caribbean of Court Line's investment in that area and partly because of the need to settle unagreed creditors' claims.

"As soon as we see an appropriate opportunity a further distribution will be made," Mr. Nicholson said.

At the meeting Mr. G. T. E. Parsons was nominated joint liquidator subject to being appointed by the Court in place of Mr. F. S. McWhirter who died in May.

Mr. Nicholson said the statement of affairs issued by the Official Receiver in April, 1976, indicated that the gross realisable value of the company's assets was some £21.4m. The realisation of assets mortgaged to various banks has been completed and produced some £13.1m for their benefit.

Other gross realisations to date have produced a further £5.9m and it is anticipated that the future realisation will be of such a sum that the original estimate for gross realisation will be slightly exceeded.

It is anticipated that the liabilities of Court Line will be similar in extent to those indicated in the statement of affairs amounting to some £61.7m as unsecured creditors and £25.1m as secured creditors.

To date, liabilities amounting to some £39m have been agreed and it is estimated that liabilities of approximately £43m are still to be agreed.

"Of the estimated local unsecured liabilities some £43m relate to claims under guarantee and of the estimated total secured liabilities some £16.5m relate to claims under guarantee. Without the guarantee claims the normal Court Line creditors would have been substantially better off," Mr. Nicholson stated.

Russell Bros. over £100,000 at year-end

A rise in second-half profits of Russell Brothers (Paddington) from £43,475 to £60,499 eliminated the midway reduction, and meant that the shopfitting, specialist joinery and exhibition contracting company ended the February 28, 1979 year ahead at £101,599, compared with £91,275.

Turnover for the year improved from £1,614,966 to £1,761,356. After tax of £53,950 (£52,900) net surplus emerged better at £47,649 against £38,375.

Earnings per 25p share were up by 1.29p to 6.62p, while a final payment of 3.625p raises the total payment from 4.28p to 4.875p net.

Record £5m for Greene King

IMPROVED SECOND-HALF profits of £2.82m against £2.34m, enabled Greene, King and Sons, brewer, to expand pre-tax surplus for the year ended April 29, 1979 from £4.25m to a record £5.09m, on turnover up by £5.26m to £43.82m.

In December, the directors said indications were the year's results should match the progress of the first six months, when profits were ahead from £1.92m to £2.27m.

With yearly earnings per 25p share higher at 31.1p, compared with 20.6p, the dividend total is lifted from 7.2557p to 9.4472p net, with a 8p final.

Depreciation took £1.26m against £0.96m. Tax charge was reduced from £2.13m to £1.89m and there were extraordinary credits of £596,000 (£196,000).

A prior year adjustment of £2.13m this time, comprised deferred tax written back following a change in accounting policy.

● comment

The Greene, King share price rose 3p to 368p yesterday while the brewery sector was falling, but the group may need to continue surprising the market with results if it is to support a dazzling p/e of 15.2—on fully-taxed earnings before extraordinary items. The immediate prospects are auspicious. Its beers have a price advantage over major competitors, which has widened further since the VAT rise, giving it scope for expansion in the free trade. The London market, for example, has scarcely been scratched and there is plenty of new capacity coming on stream this year to satisfy it. The key to the group's price differential, however, is a concentration of outlets, cutting down fuel costs, and East Anglia will continue to provide the basis for growth in the immediate future. Population in the area is still rising at a satisfactory rate and its fringes, like Peterborough, could accommodate more outlets. The smaller brewers may be losing their cachet appeal and the nationals, free of price controls, are attacking their market share but Greene, King looks well placed to withstand the pressure.

Laurence Scott: troubles persist

EMPLOYEES OF Laurence, Scott and Electromotors, the Norwich-based subsidiary of the Laurence Scott electrics group, have been told that the performance of the Norwich works in the March quarter was "simply apalling."

The comment came from Mr. W. McCraith, group managing director, in a letter sent to employees because "so many of you are clearly concerned about the future of the company and of your jobs."

The main works has only recently been building up its load and this would not have helped, they were told. But, at the Thorpe Road plant there was a substantial backload of orders "and still the perofrmance was unbelievably low." The only bright spot, according to Mr. McCraith, is the foundry where perfomance is currently on budget.

The group, which has a March 31 year-end, reported a loss of £465,000 for the first half. The reason given was a failure to meet the planned rate of output at the Norwich works.

With redundancy payments to come in the six months to March 31, plus the half-time loss to peg back, the group needed to earn around £850,000 in the second six months to break-even on the year as a whole.

Profits are before tax of £1.22m against £655,405, minorities £505,059 (£303,370), and pre-acquisition profits of £55,179 (nil). A final dividend of 3p lifts the total from 4p to 5p.

Mr. H. A. Oppenheimer, chairman, says trading profits in the first four months this year exceeded those of the same period last year by some 25 per cent. Profitable activity in the machinery trade was high during the early months of 1979 with the successful entry into new markets and introduction of new lines.

Phillips Patents at £0.11m

Phillips Patents (Holdings) turned in taxable profits of £110,665 in the 53 weeks to March 3, 1979, compared with £104,925 in the previous year. The pre-tax figure includes a temporary employment subsidy of £84,566, against £287,630.

At the halfway stage, the surplus was higher at £21,495 (£993).

Turnover for the year was up from £4.18m to £4.9m. After tax of £56,650 (£54,639), stated earnings per 25p share are 1p (0.9p). There is again no dividend.

On the sale of Rabbets Phillips the company received £422,000, creating a £151,448 surplus.

Principal activities of the group include the manufacture in rubber and allied products of components for the footwear and other industries.

Coutinho Caro well ahead

FROM TURNOVER of £95.25m against £89.9m, profit of Coutinho Caro and Co., unquoted supplier of steel, chemicals and industrial plant, rose from £1.67m to £2.68m in 1978.

Pitman static at £1.53m

PRE-TAX PROFITS at Pitman, the publishers, printers and college proprietors, were virtually unchanged at £1.53m, against £1.57m, in the year to March 31, 1979. But the board says that prospects are bright.

At midway profits rose from £997,000 to £1.14m, and the directors said that there was then no reason why budgeted profit will *not* be achieved.

Turnover for the year was up from £23.7m to £26.3m and the taxable surplus was struck after increased interest charges of £581,000 (£537,000).

Tax takes £364,000 (£284,000) and there is an extraordinary debit this time of £216,000. Minorities are ahead £11,000 at £47,000.

No final dividend is to be paid—two interims totalling 2.6p were proposed during the year.

Ferranti looks for progress

Rising inflation and interest costs and the recent strength of the pound will pose problems this year, says the chairman of Ferranti in his annual report for the year ended March 31, 1979.

But he says demand remains strong for the company's profits and the Board expects the main trading divisions to make further progress in turnover and profitability in the next 12 months.

Routledge Kegan Paul rises to £421,000

TAXABLE PROFITS of Routledge and Kegan Paul, book publisher, rose from £382,102 to £420,955 in the year to March 31, 1979, on turnover ahead from £3.22m to £3.75m. The surplus was struck after interest charges had jumped from £20,860 to £53,368.

At midway pre-tax profits edged ahead £24,000 to £206,000 and the directors then said margins continued to be under pressure.

After tax on an SSAP 15 basis of £53,217, against an adjusted £81,010, stated earnings per 25p share are up from 24.4p to 27.4p.

The final net dividend of 3.2p raises the total from 4.05p to 4.6p.

Downturn at Tex Abrasives

SECOND-HALF profits of Tex Abrasives were marginally higher than last time, but, as expected, the year to March 31, 1979, finished with the taxable surplus down from £458,125 to £367,888. The pre-tax figure was struck after increased depreciation of £90,528, against £81,788.

At halfway, profits were lower at £170,126 (£228,712), but the directors hoped the second half would be as good as last time. However, the full year was not expected to be as high as previously.

Turnover of the manufacturer of industrial coated abrasive products was £5.6m, compared with £5.21m. Tax took £118,789 (£161,773). The net final dividend of 2.42345p lifts the total to 3.17345p (3.02234p).

National Mutual lifts bonus rates

National Mutual Life Assurance Society yesterday announced that it was improving its final bonus rate payable on death or maturity claims. The new rate, which takes effect immediately, is now 40 per cent of attaching bonuses, compared with 30 per cent previously. On individual deferred annuities, the final bonus will now be 8 per cent of attaching bonuses for each complete year up to a maximum of 40 per cent.

The company is one of the few life companies which reviews its bonus paid on death or maturity claims more than once a year. It tends to make half yearly revisions so that policyholders get the benefit of market rises in asset values more quickly.

Pru increases new business

RECORD new life and pension figures for the first half of 1979 are announced by the Prudential Corporation, the largest life assurance group in the UK. New annual premiums on worldwide business advanced 27 per cent from £64.3m to £81.6m and single premiums by a similar proportion from £40m to £50.6m.

Almost all this growth came from business in the UK, with most sectors being buoyant over this period. The main life subsidiary, Prudential Assurance, showed strong growth in individual life business with a 44 per cent rise in annual premiums from £18m to £26m in the ordinary branch and by 26 per cent from £18.1m to £22.9m in the industrial branch. This business represents for the most part the use of life assurance as a savings medium since the Pru markets very little mortgage repayment contracts having few insurance broker links on the ordinary side.

The single premium business of the Prudential Assurance also rose significantly over the period from £5.3m to £8m—a jump of over 50 per cent. This reflected the strong market in annuity business as a result of high interest rates over the first half of the year.

The Prudential Assurance had a successful trading in the group pensions market over the period with a rise of nearly 50 per cent in annual premiums from £6.1m to £9.1m and one of over 80 per cent on single premiums from £4.6m to £8.4m in respect of the mainstream insured pensions business.

The only dull sectors in the UK market related to the linked life and pensions business. Annual premiums received by Prudential pensions, the managed fund arm, dropped slightly from £7.5m to £7.3m while single premiums halved from £4.3m to £2.3m.

The corporation's linked life subsidiary, Vanbrugh Life, also had a dull trading period with annual premiums down from £1m to £900,000 and single premiums dropping by nearly 10 per cent from £21.4m to £19.4m. The company, which operates only through insurance brokers, is being affected by the growth in the number of traditional life companies now operating in this field, since overall linked life business is expanding steadily.

Overseas individual life business declined slightly in annual premiums from £6.2m to £6m but single premiums more than doubled from £1.7m to £4.2m. Pensions business remained bouyant with annual premiums advancing from £2.2m to £2.7m and single premiums doubling from £0.9m to £2m.

New business production of the reinsurance subsidiary Mercantile and General continued to expand strongly over the first half of the year. New annual premiums rose by nearly one-third from £5.2m to £6.7m while single premiums were over three times higher at £6.3m against £1.8m.

Despite the increase in premium, new sums assured fell dramatically from £4.63bn to £3.89bn. This reflects the trend towards shorter term with-profit contracts.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Eucalyptus Pulp Mills.

Finals: Regalian Properties, Tollemache and Cobbold, United Kingdom Property.

FUTURE DATES

Interims—	
Barclays Bank	July 26
Lowe (Robert H.)	July 16
Meggitt	July 16
Mercantile Investment Trust	Aug. 9
Trade Indemnity	Sept. 4
Wearra	July 16
Finals—	
Danae Investment Trust	July 11
Downs Surgical	July 12
Wyatt (Woodrow)	July 23

Birmingham Pallet halves dividend as profits dive

Birmingham Pallet Group is halving its interim dividend after a midway profits slump from £121,000 pre-tax to £32,500. Sales in the half year to April 30, 1979, rose from £1.57m to £1.7m.

The net dividend is being cut from 2p to 1p. Last year's total was 6.25p.

The directors blame the drop in profits on increased pressure on margins, disruptions to the economy during the winter and changes in production—the phasing out of existing product lines and the introduction of new ones.

Although some improvement is expected in the second half, the Board does not expect the engineering group to return to earlier profit levels before next year. Last year pre-tax profits totalled £278,310.

After tax, based on a rate of 52 per cent, of £16,900 (£63,000), the net profit is down from £58,000 to £15,600.

Dividends take £10,200, against £20,401, and the retained surplus is down from £37,599 to £5,400.

Bass expands in Holland with £16m hotel purchase

BASS, the beer, pubs and Crest hotel chain, has just increased the number of its hotels in Holland from three to 13 in a £16m deal.

The UK group, which already had the third largest hotel chain in the UK and 18 hotels throughout Europe, has been looking for an opportunity to expand in the hotel business which it sees as a major growth area.

Under the deal announced yesterday it has acquired 819 hotel bedrooms in 10 hotels—including the famous Des Indes in The Hague—from the Dutch property group Clingendue.

One of the hotels is still under construction and occupancy rates on the others are variable, but Bass believes the new chain is ideally situated for European business traffic.

The cash purchse price is to be raised in Europe though details have not yet been disclosed.

Burnett & Hallamshire shares suspended at a high of 400p

Shares of Burnett and Hallamshire, the open-cast coal mining specialist, were suspended yesterday at 400p ex dividend compared with a low for the year of 215p, valuing the group at £21m.

Two weeks ago B and H announced a 15 per cent increase in profits for the year and said that it was looking for acquisitions. An announcement is expected early next week though the directors refused to make any comment yesterday.

In mid-June, Mining Investment Corporation, an unquoted coal mining group whose shares are dealt in on the Stock Exchange under Rule 163 (2) asked for its shares to be suspended as it was in talks with a potential bidder. The market is openly linking the two announcements.

Mincorp made interim profits of £403,000 in the six months to March, equivalent to the profits of the full year previously. It has some 11.5m shares in issue, the last placing (in February) having been at 60p.

JENKS & CATTELL

The directors of Jenks and Cattell say their shareholders, including Pentos, holding more than 53 per cent of the ordinary shares do not intend to accept the 80p per share offer by Armstrong Equipment.

Armstrong has announced that, because Jenks and Cattell shares are ex the 1.3p interim dividend, it will not pay more than 79.7p for them in the market.

TAYLOR WOODROW/ SEAFORTH OPTION

Taylor Woodrow has taken up its option to buy a further 15 per cent in Seaforth Maritime, a specialist offshore supplier to the North Sea oil industry. The stake has ben bougeht from Seaforth's parent company, James Finlay, under an agreement made last year when Finlay acquired Seaforth.

At that time Finlay sold 30 per cent of Seaforth to Taylor Woodrow—which was already involved in a joint venture with Seaforth—for £2.3m. The option was also granted then.

The two companies also announced yesterday that a Finnish shipyard has won the tender for the new multi-functional service vessel commissioned in May by Shell and Esso from Seaforth.

The Finnish company, Rauma Repola, put in a tender price of £40m compared with British bids of around £70m.

SHARE STAKE

London and Liverpool Trust—Virgo Corporation has disposed of its entire holding, amounting to 421,050 shares.

Aurora replies in E. Allen battle

With the cash offer for Edgar Allen Balfour due to expire next Wednesday Aurora Holdings is reminding shareholders that it is equivalent to nearly 20 times the forecast earnings, assuming a full tax charges.

It points out that last year Edgar made an attributable loss of £546,000, even after fixed asset sales which produced a £294,000 surplus. Edgar's board has already claimed the losses represented the last stage of a rationalisation and re-equipping programme, and that this year profits would be no less than £1.5m pre-tax.

The main area of contention between the two boards is over the benefit of the merger to the UK high speed and tool steels industries.

Edgar is believed to have stressed in its submission to the Office of Fair Trading that the merger is against the public interest.

Aurora says that dual sourcing will not increase imports because mst customers have already safeguarded themselves by back up supplies from foreign sources. It claims that any potential loss of business through further moves of this sort would be more than compensated for by the benefits of integrating the two companies' manufacturing resources.

Aurora also denies that the merger would overstrain its borrowing ratios. It points out that Edgar's borrowings already amoun to 85.8 per cent of shareholders' funds, but a pro forma balance sheet shows those of the combined group as marginally lower. It also claims that a proposed £4m slimming in working capital requirements through stock and work in progress reductions would reduce the ratio to 76 per cent.

The new document does not, however, refer to the overall rationalisation programme Aurora plans. Aurora says this could involve 250 voluntary redundancies while Edgar believes it would mean 500 or so compulsory job losses.

Parker Knoll acquiring Raymakers for £2.7m

CONDITIONAL contracts have been exchanged for the acquisition by Parker Knoll of K. Raymakers and Sons for £2.7m in cash and shares.

Raymakers is a weaver of velvets which are sold principally to wholesalers of furnishing fabrics who in turn sell to retailers for the making up of curtains in both the domestic and contract markets.

Profits before tax for the year ended March 31 1979 were £654,000 and net assets at that date, after adding back deferred taxation and incorporating a property revaluation, were £1,893,000.

The consideration for the acquisition is £2.2m cash, and the issue of 38,300 ordinary shares and 461,700 "A" non-voting ordinary of Parker Knoll.

The Board of Parker Knoll considers that the price agreed for Raymakers is satisfactory in view of the company's growth record and prospects and that the acquisition is in the best interests of Parker Knoll.

A circular giving additional information about the proposed acquisition and the necessary EGM will be sent to shareholders within the next few days.

At the same time shareholders will be sent a circular containing details of a savings related share option scheme to be introduced if approved by shareholders at a separate EGM to be held on the same day.

KELLOCK SELLS H. MORRIS FOR £300,000

Kellock Holdings is selling H. Morris and Sons to Hortus Printing of Burnley, Lancashire for £300,000 cash, payable on completion expected on July 17.

The contract contains provision for Kellock to pay to Hortus such a sum as will equal two and-a-half times the amount by which the pre-tax profits of Morris for the two years ending December 31, 1980, added together fall short of £120,000, subject to a maximum payment of £50,000.

For the 1978 year, Morris showed pre-tax profits of £49,445 (£79,327) and net tangible assets of £347,736, before deducting £165,197 deferred tax liabilities.

This disposal is not expected to hit Kellock's results for the 1979 year.

MONTAGUE L. MEYER

Montague L. Meyer has increased its network of timber and builders merchants by purchasing three more companies.

Gordon and Company (Timber) of Winchester has been bought for £170,000, satisfied by the issue of 61,050 MLM shares and by £110,781 cash. City Timber of Brasted, Westerham, Kent, has been acquired for cash.

Freehold land and premises, known as "Station Works," Bispham Road, Blackpool, with plant, machinery, fixtures and fittings on the premises have also been bought for cash. These premises will be used to develop a timber and builders merchants depot.

Teutonic Bore venture gets the go-ahead

BY KENNETH MARSTON, MINING EDITOR

TEUTONIC BORE, the modest-sized, but good grade, copper-zinc deposit Selection Trust and MIM Holdings discovered three years ago near their Agnew nickel mine in Western Australia, is to be developed for mid-1981 production.

The A$38m (£19.4m) development will mine 300,000 tonnes of ore a year over seven years. Work will be initially from an open pit and later from an underground mining operaton developed from a decline shaft driven from the pit wall, reports Don Lipscombe from Perth.

Teutonic Bore looked exciting when found—a body of mineralisation in acid-volcanic rocks along a belt of country still formally known as Western Australia's Goldfields, more recently called the Nickel Belt.

Thus is was hailed as the first significant find in an unexploited environment within a region that had already produced a series of gold and, much later, nickel mines from ultrabasic rocks.

However, low metal prices and high inflation caused the partners to decide at the time against development, despite the potential for mining the shallow mineralisation relatively cheaply to produce a cash flow.

As with Agnew Nickel, MIM holds 40 per cent; the other 60 per cent will become part of the new Seltrust Holdings' package being floated by the Selection Trust group.

Teutonic Bore is 85 km south-east from Agnew, 60 km north-west of Leonora.

Selection Trust says: "A mineralised body containing 2.5m tonnes with an average grade of approximately 3.5 per cent copper, 9.5 per cent zinc and 150 grammes per tonne silver has been outlined."

An onsite concentrater will be built, with a workforce, ultimately of more than 100 housed nearby. Concentrates are planned to be shipped southward through Esperance and the marketing will be handled by MIM.

Western Australia's Mines Minister, Mr. Andrew Mensaros, has welcomed the project as "particularly pleasing." In London yesterday shares of Selection Trust eased 10p to 486p but those of Selcast Exploration (which is to be absorbed into Seltrust Holdings) rose 4p to 54p. MIM gained 4p to 172p.

Tony Grey: Australia has not lost the uranium market

AUSTRALIA IS admirably suited to capture a significant share of the world uranium market, according to Mr. Tony Grey, the chairman of Pancontinental Mining, the majority owner of the large and as yet undeveloped Jabiluka deposit in the Northern Territory.

His assertion, in a talk to London mining analysts yesterday, came at a time of widespread concern that delays in the development of the Australian industry had allowed the existing producers of South Africa and the potential producers of Saskatchewan a competitive advantage.

Noting that electric utilities will have to rely on nuclear power for their generating capacity if they are to provide adequate electricity loads, Mr. Grey said they anticipate an eventual major increase in the need for uranium.

"This need is expected to increase very rapidly in the latter part of the next decade," Mr. Grey said.

Placing the highest priority on security of supplies, because of the massive capital investment required for reactors, the utilities must secure their supplies well in advance of their actual requirements. They have embarked upon an inventory policy which has the effect of bringing forward their uranium requirements," Mr. Grey added.

Also, the utilities had adopted a policy of geographically diversifying their supplies and have been looking to low cost producers, who can more readily sustain adverse market conditions. It was for all these reasons that Australia remains well-placed as a potential supplier, Mr. Grey argued.

But output in quantity from the Jabiluka deposit remains some years away—far enough away in fact to hit the market on the upturn, if Mr. Grey's prognosis turns out to be correct.

Pancontinental will very shortly submit to the Australian Government a final environmental impact statement for an underground mine at Jabiluka. This statement will provide for the access road which will enable mine construction to take place whatever the season.

But the company still has to start formal negotiations with the Northern Land Council on royalty and local environmental conditions for mining. This should be easier than it would have been, say, two years ago.

A pattern of payments has been established by the agreements for the Ranger mine, run by Peko-Wallsend and EZ Industries, and the Nabarlek mine, run by Queensland Mines. The decision to go underground reduces land disturbance.

Meanwhile formalities of land tenure still have to be sorted out. The land covering the Jabiluka deposit, once a pastoral lease, has been resumed by the Government, and is now the subject of an Aboriginal claim, precisely as foreshadowed in the Fox Commission's environmental enquiry on the Ranger deposit. But the Court hearing on the claim has not been heard and no date has been set.

"A further matter which will have to be resolved before the official approvals for Jabiluka are in place is the equity holding of Getty Oil. At present it stands at 35 per cent, or 10 per cent more than the formal Government requirement.

Although the Government has made clear that the 75 per cent domestic ownership rule for uranium will be interpreted flexibly, Getty still has to show that Australian funds are not available to reduce its stake before being permitted to maintain its present holding.

In London yesterday, Pancontinental shares were 762p.

NEGRETTI

Negretti and Zambra has, through its wholly-owned subsidiary, Williamson Manufacturing, sold its factory at 60 Hawthorn Road, Willesden, London, for £335,000 in cash. The cash generated will contribute to working capital requirements.

TEXON ATLANTIC

Texon Atlantic has agreed to buy the manufacturing facilities making Texon elastomeric fibre produces on the premises of John Wild and Sons, Radcliffe, a Low and Bonar subsidiary.

ENERGY REVIEW: NORWEGIAN NORTH SEA

BY CHRISTIAN TYLER

The trade unions jockey for position

NORWAY has as highly organised, disciplined and pacific a labour force as you will find anywhere. The ground rules for industrial relations, set out in the so-called "basic agreement," are held in awe and the procedures for dealing with strife, including compulsory arbitration and the courts, are apparently followed without a murmur. There is even a stock phrase to describe this happy state of affairs: "The stability of Norwegian labour life."

According to the Norwegian trade union federation, the Landsorganisasjonen (LO), no less than 90 per cent of the country's 1.5m working people are members of trade unions, 60 per cent of them in LO which is affiliated to the Labour Party. Outside the LO, there are unions for teachers, nurses, civil servants and bank and insurance workers among others.

This harmony is not, however, repeated out in the Norwegian sector of the North Sea. Despite belated attempts of the LO to bring the oil and gas platforms into its fiefdom, it is hard to see when, if ever, "the stability of Norwegian labour life" will spread offshore.

There are a number of obvious reasons for this disparity between the mainland and the North Sea: the newness of the industry, the oil companies' dislike of trade unions, the impermanence of the labour, especially in the construction phase, and the peculiarity of working conditions on these remote islands on stilts.

The growth of trade union organisation has been haphazard on the Continental shelf, and a large proportion of the industrial disputes on the rigs have been blamed on inter-union rivalry. There are three different types of union operating in the North Sea: the LO-affiliated unions, one independent union, and three "house" or "company" unions. No love is lost between any of these organisations.

New breed

When oil and gas drilling began, the seamen's union was among the first to claim recognition—as in the British sector—on the grounds that the exploration rigs were vessels. Other LO unions followed to stake their own claims. In 1971, the LO realised that it was really making little headway, and it created the Oil and Petrochemical Union (NOPEF) in an attempt to give this new breed of worker a home of his own. NOPEF has not been a success. The LO gives it 1,500 members. The union itself says that it has 2,300 members in all, 1,000 of them offshore and the bulk of those on Phillips' Ekofisk platforms.

The failure of NOPEF and the competition among LO unions—not to mention competition with outside bodies—has driven the LO to set up what it calls a cartel of six member unions and NOPEF. The cartel, which is not yet formally launched, would appear to mirror the UK union offshore committee based in Aberdeen.

The independent Oil and Gas workers' Union, led by a burly former ironminer from northern Norway, Mr. Odet Paulsen, was set up 2½ years ago when it appeared that the LO was making no real headway. With members on both land and sea, the Oil and Gasworkers union (NOGMF) claims 1,500 offshore, among them catering staff, crane drivers, electricians and engineers. Mr. Paulsen's rivals say his is really only a catering union, is weak, losing membership, and faces bankruptcy as well. Catering staff, many of them foreigners and all working for sub-contractors, are the poor relations of the offshore community.

The third group are the house unions. They are disliked by the other two, which are contemptuous of their exclusivity and lack of interest in the wider movement. The house unions are an affront to the pride of the LO, whose intimate political connection with the Labour Party and formal and long-lived relationship with the employers' federation, NAF, enable it to claim to be the guardian of social progress and stability in Norway.

But the house unions are strong. Despite their name they are not the lapdogs of the operators, although they do help the operators' purpose by providing an immediate point of contact not only with the "permanent" workers on the production platforms but, by extension, with sub-contractors' employees as well.

The biggest of them, the Ekofisk Committee, began life in 1973 when Phillips started what Mr. Oevind Krovik, the present chairman, describes as a tame union. Most of the workers were members of traditional unions. They did not want to be "managed from Oslo," and although they toyed with the idea of joining the seamen's union, decided their own peculiar conditions—and the need for collective action to improve safety and accommodation—required a separate organisation, but one independent of the employer.

They started to collect dues—which range between NKr 25 and 40 (£2.30-£3.65) a month at present, compared with the NKr65 minimum charged by LO unions. But money was and is a problem. The three house unions, which are joined in a loose federation, have solved that problem by exploiting Norwegian health and safety law. The law requires employers to pay the wages of full-time union safety representatives (known as *verneombud*). So the three committees have simply combined the functions of shop steward and *verneombud*, while paying from union dues the wages of the federation's officials. It is a device that the LO frowns on, but is powerless to prevent. It enables the Ekofisk committee to claim to have one representative on each of the 22 platforms in the field.

The house unions can, and have, made trouble for their employers. Mr. Krovik says: "We don't mind what you call us, it's the results that matter. We are not afraid of the LO, whatever they say."

All of the competing unions claim to be able to bring oil and gas production to a halt: indeed even a strike of catering workers can be enough to halt operations. But it is the men who control the valves, or rather the buttons that control the valves, who carry the biggest clout, and they appear to be in the main house union members.

There have been a number of incidents and threats in recent times. Spanish catering workers struck on the Statfjord field for 30 days and refused to leave. The operator called in the police from Stavanger, apparently fearing that tempers were fraying and that violence would ensue. In the event the police left without incident.

More recently the independent union has threatened a one-day strike against the tax authorities' decision that meal allowances should be taxable. The grievance was common to members of many unions. In this case the LO intervened and used its political influence to persuade the Finance Minister, Mr. Per Kleppe, to withdraw the ruling for the time being.

The house unions threatened to strike when their wage increase of 3½ per cent, due on January 1, was caught by a national pay and price freeze and the LO unions managed to get a dispensation from the Government on the grounds that their members needed to "catch up." As often seems to be the case in Norway, the company was able to go to the labour court and have the strike declared illegal. Instead, the workers staged two short stoppages. (Short strikes of an hour or so are often described as "political" and are not illegal.)

If this was proof of the house unions' readiness to take action, it was also intriguing evidence of the considerable power invested in unions by recent Norwegian legislation. For during one of these stoppages, the *verneombud* declared, as he was entitled to do, that safety cover was inadequate and production should cease. The operator refused and the union went to the police, who again flew out to a platform, but this time to interview the management. The argument continues.

The latest incident involves Mr. Paulsen's Oil and Gas workers who threatened a strike on Ekofisk to win for his union the same negotiating rights and agreements as the LO unions have. It was to have shut down Ekofisk on June 1. Mr. Paulsen engaged a lawyer who, he said, advised him the strike would be legal. However, it was postponed for a month, and then the State arbitrator intervened to prevent the strike until there has been compulsory arbitration.

There is no doubting the ambition of LO to absorb the house unions in its own outfit, NOPEF, and to see the independent union wither away. Officially, the LO can do very little about it. It is committed by the basic agreement to maintain the peace during the period of any wage agreement, and so cannot flaunt militancy to attract members from the rival outfits. It is also committed to another tenet of the basic agreement, that workers should have the freedom to organise, but also the freedom not to be organised.

Nor can the LO turn to NAF, the employers' federation, for help—at least not yet. The *rig owners have their own* federation of 30 to 40 members. The oil companies are not affiliated to the NAF, although there is talk of them forming an association and forging some link with it. Some of the catering companies are already members of the NAF since they operate from the Norwegian mainland. But even if all employers on the continental shelf became party to the basic agreement, that would not necessarily advance LO's chances. As one NAF official put it: "We shall never co-operate in any squeeze on outside unions. They must be allowed to exist outside. It's up to the LO to get them in."

Favouritism

Unofficially, or so the non-LO unions allege, considerable pressure is exercised. A dispensation from the pay freeze, which gave LO members pay rises of between 10, 25 and even 38 per cent from May 1, according to some accounts, is quoted as an instance of favouritism. Again LO has circulated all European trade union federations, including the British TUC, urging them to *tell their nationals* to join an LO union when working in the Norwegian sector.

The house unions also allege that the Government itself is trying to help the LO by proposing working rules that confer privileges only on large unions.

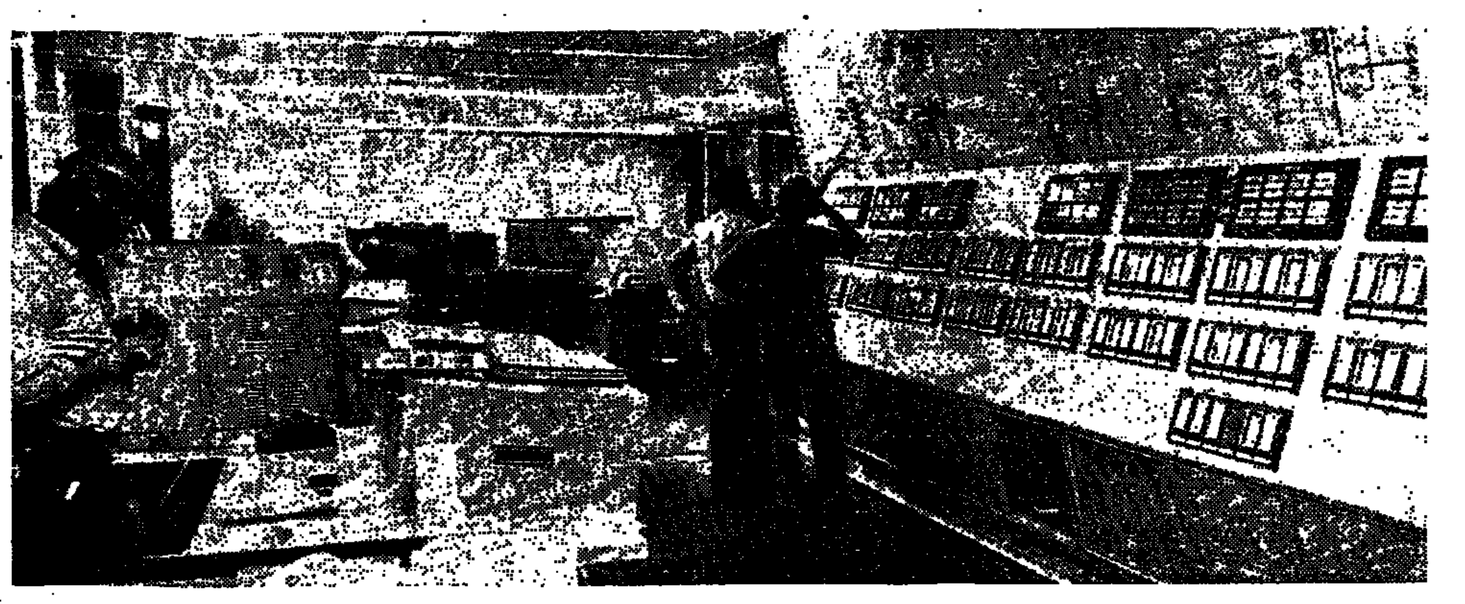
The LO believes that an association of oil companies linked to NAF could well "consolidate" organisation on the shelf. There is some optimism too that the oil companies are beginning to unbend towards LO and a style of industrial relations to which no American has ever been accustomed. Mobil and the French Elf-Aquitaine, operators respectively of Statfjord and Frigg, are looked on with favour by the Norwegian labour movement. The same cannot be said of Phillips, the Ekofisk operator.

It remains to be seen whether the LO, which by its own admission was late into the field, can throw its mantle over the whole of this strategic industry. Its rivals do not think it has a chance. As one company union man said: "We shall be there as long as there is one drop of oil or gas in the reservoir."

UNIONS COMPETING IN THE NORWEGIAN NORTH SEA with claimed membership offshore

Landsorganisasjonen (LO)	
Oil and Petrochemical Union (NOPEF)	1,500
Electricians and power station	500
General Workers	700
Iron and Metalworkers	3,000
Building workers	600
Seamen's union	1,100
Supervisors and technical	150
	7,550
"House unions" (OFS)	
Ekofisk committee (EK)	1,200
Statfjord committee (SAF)	400
Frig committee (EANOF)	200
	1,800
"Yellow unions" (YS)	
Oil and Gasworkers union (NOGMF)	1,500

Total employed on shelf (December, 1978) estimated by LO as 8,560.



In the Ekofisk control room: the men who control the valves command the clout.

APPOINTMENTS

Consolidated Gold Fields management reorganisation

Mr. David Lloyd-Jacob and Mr. Humphrey Wood have been appointed managing directors of CONSOLIDATED GOLD FIELDS in a major management reshuffle. They will join the Group chief executive Mr. Rudolph Agnew to form the three-man office of the chief executive. Mr. Lloyd-Jacob will take responsibility for Group finance and continue to lead the Gold Fields North American activities. Mr. Wood will assume overall control of operational co-ordination and be responsible for corporate operations outside North America. He succeeded Mr. Agnew as chairman of Amey Roadstone Corporation and Mr. Whiting as chairman of Alumasc on July 1.

Other senior post changes are as follows: Mr. R. L. Whiting has decided to seek early retirement from the Board on October 31. He has handed over his financial duties to Mr. Lloyd-Jacob. Mr. G. J. Mortimer gave up his executive duties on June 30 but will continue as a director. Mr. Roy Munro has been appointed general manager—finance; Mr. Peter Fells, general manager—strategic planning; and Mr. Peter Roe, secretary, becomes general manager—administration. An independent commodities department has been formed under Mr. Ronald Conley.

★

Mr. Dudley Fishburn has been appointed executive editor of THE ECONOMIST newspaper.

★

Mr. Anthony Grabham, for four years chairman of the central committee for hospital medical services, which negotiates on behalf of all senior hospital doctors in the NHS, is the new chairman of council of the BRITISH MEDICAL ASSOCIATION. He succeeds Sir James Cameron, who has been chairman since 1976.

★

Mr. David Bailey, managing director, Rockware Group, has been appointed president of the FEDERATION EUROPEENNE DU VERRE EMBALLAGE, the body which represents the interests of the manufacturers of glass containers within the European community.

★

Mr. S. R. Barrow has been appointed to the Board of KLEINWORT, BENSON. The following have been appointed assistant directors: Mr. A. B. Buckwell, Mr. D. C. Clementi, Mr. J. D. Howland-Jackson, Mr. W. E. Wilkins and Mr. M. F. Williams.

★

Viscount Hall, of Cynon Valley, has been appointed a director and elected chairman of CHRISTOPHER MORAN GROUP. Mr. James Redgrove will remain on the Board as an executive director and devote more of his time and attention to the underwriting activities of the group at Lloyd's.

★

Mr. L. W. Keller has joined the Board of TRADE FINANCE INTERNATIONAL.

★

Mr. D. M. Parr has been appointed managing director of C. K. ADDISON AND CO.

★

AMERICAN INTERNATIONAL UNDERWRITERS (LONDON) has appointed Mr. K. A. H. Herbert company secretary, and Mr. C. Bach manager of the primary casualty department to the Board.

★

Mr. C. H. Grint has been appointed a director of HARTLEY COOPER UNDERWRITING AGENCY.

★

Mr. H. A. Lucas has been appointed group deputy managing director of CAWDAW INDUSTRIAL HOLDINGS.

★

HOPKINSONS HOLDINGS has appointed Mr. W. Short as group director of operations and chairman of its subsidiary J. Blakeborough and Sons.

★

FOTHERGILL AND HARVEY announce that Mr. L. Stevens, formerly chief executive, has been appointed deputy chairman and chief executive.

★

Mr. Dunlop Stewart, Mr. Kenneth Holmes, Mr. Stanley Jackson and Mr. Alan Wesley have been appointed to the Board of TOWRY LAW (HOLDINGS), insurance brokers.

★

Lord Hewlett, chairman of BURCO DEAN, died on July 2.

★

BRENT CHEMICALS INTERNATIONAL has appointed Mr. James Lennox as managing director, Mr. Arthur Meaton, financial director and Mr. Peter Vickers, technical director of Brentchem, the group subsidiary supplying industrial hygiene chemicals and systems to the catering, food and pharmaceutical industries.

★

Mr. Patrick Spens has been appointed a non-executive director of LONDON AND MIDLAND INDUSTRIALS. He is a director of Morgan Grenfell and Co.

★

TOUCHE ROSS AND CO., management consultants, has appointed Mr. Robin Field and Mr. Robert Brown as principals.

★

HUNT-WEST, a subsidiary of the Hunt and Moscrop Group, has appointed Mr. Leo Goudge a director, with special responsibilities for the fabrication division.

★

Mr. John Manser has retired from the Board of JARDINE FLEMING AND CO. on his departure from Hong Kong. Managing director for the past four years, he is returning to the Board of Robert Fleming Holdings in London. He will be succeeded by Mr. Nicholas Sibley, who has been a director of Jardin Fleming since October, 1972. Mr. Sibley's former responsibilities as director in charge of corporate finance will be assumed by Mr. Alan Smith, also a director.

★

Mr. P. C. H. Cook has been appointed chairman of SIMON-TR HOLDINGS (Simon Engineering Group), following the retirement of Mr. D. F. Waugh. He retains his position as finance director on the Board of Simon Engineering.

★

William Leech (Builders), a Tyneside-based building group, has established a wholly-owned subsidiary in Yorkshire. Called LEECH HOMES (YORKSHIRE), the managing director of the new company is Mr. Derek Walker, formerly financial director and company secretary at Barratt Developments (Hull).

★

Advertising director of the CROYDON ADVERTISER GROUP, Mr. Frank McDonald, retired at the end of June. He had been with the company for 45 years.

★

The Duke of Atholl, chairman of Westminster Press, has been elected chairman of the ROYAL NATIONAL LIFE-BOAT INSTITUTION, succeeding Major General Ralph Farrant.

★

Lord Chalfont has joined the Board of W. S. ATKINS INTERNATIONAL, part of the WS Atkins Group of planning, engineering and management consultancies based at Epsom.

★

Mr. Alan Ashton and Mr. Geoffrey R. Varley have been appointed directors of ANGLOCO. Mr. Ashton, chief designer, becomes technical director. Mr. Varley, financial adviser, becomes a non-executive member of the board.

★

Mr. Kevin McGoran has been appointed chief financial officer of the JEFFERSON SMURFIT GROUP from September 24. Mr. T. A. Jago joins the group on October 1, and will be a member of the group executive committee. Mr. McGoran is presently director of finance and development with Avery Label Europe, London. Mr. Jago is currently managing director of Irish Industrial Gases, a wholly-owned subsidiary of British Oxygen.

★

Mr. John Hakes has been appointed technical director of PLESSEY RADAR.

★

Mr. Peter A. Magowan has been appointed chairman of the board and chief executive of SAFEWAY STORES INC. upon retirement of Mr. W. S. Mitchell at the end of 1979.

★

Mr. B. R. J. Wakeham, joint managing director, marine division of BAIN DAWES has resigned. Mr. R. H. W. Dover continues as managing director, marine division. Mr. C. D. Campbell has become a director of the marine division with special responsibilities for marine re-insurance. Mr. M. J. Bohling is relinquishing his marine re-insurance duties but continues as a director of the marine division with special responsibilities for the North American account.

★

Mr. Robin Leigh-Pemberton, chairman of the National Westminster Bank, is the new chairman of the CITY COMMUNICATIONS CENTRE. He succeeds Sir Eric Faulkner, who has headed the centre since its formation in 1976 by the City institutions and financial associations.

★

Mr. A. R. Pender has been appointed chief executive of the ENGLISH INDUSTRIAL ESTATES CORPORATION from August 31 on the retirement of his predecessor Mr. W. H. Bevan.

★

Mr. Tony Dyson, Mr. John Sullivan and Mr. William Schroth are appointed assistant managing directors of MANUFACTURERS HANOVER. Mr. Schroth, who has been responsible for the bank's unit in New York, is transferring to London and his place in New York will be taken by Mr. Garry Southern, an associate director from London. Mr. Harald Collet and Mr. Peter Rigg are appointed associate directors.

★

Mr. Barrie Haigh has resigned from Kirby Pharmaceuticals to form his own company, EXECUQUEST.

★

Mr. K. H. G. Williams has resigned from the board of GOUGH COOPER AND COMPANY.

★

Mr. Bernard Brindley, previously deputy actuary (pensions) with the Commercial Union has been appointed chief actuary of MERCHANT INVESTORS ASSURANCE COMPANY.

★

Mr. R. J. Gibson has been appointed managing director of AUSTIN HALL from July 9. This appointment is in addition to his existing responsibilities as managing director of Jeavons Contracting. Both companies are subsidiaries of Pentos.

★

Mr. S. A. H. West, general *manager, management services* division, SUN ALLIANCE AND LONDON INSURANCE, has retired after 45 years' service with the group. He will continue as a director. Mr. P. H. Bartrum, at present general manager, home division, will succeed Mr. West, with Mr. W. R. Gadd, at present manager, home division, as assistant general manager. The division becomes the management services and planning division. Mr. Peter Quaile, at present assistant general manager, overseas division, will succeed Mr. Bartram as general manager with Mr. B. A. Wright, as deputy general manager. Mr. R. J. Taylor, at present manager, life department, has been appointed marketing manager, home division.

★

Mr. J. S. Murray, on reaching retirement age has resigned his directorship of BOULTON AND PAUL and its subsidiary and associate companies.

★

Mr. Erwin Freiburghaus and Mr. David Wilkinson have been appointed to the Board of FEUERLOSCHER NU-SWIFT (SCHWEIZ) AG. Mr. Wilkinson is also a director of Nu-Swift Industries and Nu-Swift International and is head of the research and development division at the company's headquarters in Elland, West Yorkshire.

★

Mr. T. H. Tilling has been appointed chairman of BRIGHTON MARINA COMPANY. Mr. R. M. Hodges who has been chairman for the past five years continues as a director.

★

Mr. Wally Crossland, has been elected chairman of the BRITISH HEALTH-CARE EXPORT COUNCIL in succession to Mr. J. A. Hope, managing director of the Negretti and Zambra Group. Mr. Crossland is director of international medical operations, Smiths Industries.

★

Mr. D. E. Whittingham has resigned as managing director of ENNIA FINANC E(UK) and Mr. P. Nicholson Smith has been appointed in his place. No reason for the resignation has been given. Ennia is a wholly-owned subsidiary of Ennia NV which bought Triumph Insurance in 1974.

★

Mr. C. John Spruyt has been elected a senior vice president of COTAAS-LARSEN SHIPPING CORPORATION.

★

Mr. Dennis Matthewman has been appointed acting managing director of LEATHER'S CHEMICAL COMPANY. Mr. Alan Sutton, director of Leather's, has been appointed director of Hooker Chemical SA in Belgium and furthermore will be director of various other companies within Hooker's European organisation. Mr. Brian Parrish will remai nas finance director at Leather's and Mr. George Gilchrist stays on as works director for the same company. Mr. Harold Mathers has been appointed personnel and administration manager and will retain the legal position of company secretary. Mr. David Morton has joined the company as marketing manager Leather's. Chemical is an affiliate of the Hooker Chemical division of Occidental Petroleum Corporation.

★

Mr. Patrick J. Mockler, has been appointed to the board of EWBANK AND PARTNERS, consulting engineers, Brighton.

★

Mr. Harld Homer has been appointed engineering director of FIRTH BROWN as from July 1. He was previously works engineering with British Steel Corporation.

★

Mr. Martin Kendall, has been appointed managing director of DOLPHIN SHOWERS, part of Alpine Holdings Group. He was formerly a director and general manager with Rank Audio Visual, part of the Rank Organisation.

★

HAWKER SIDDELEY SWITCHGEAR INC. has been established as part of a re-organisation of the Group's Canadian Switchgear interests. The board is: Mr. R. A. Grierson, Mr. W. S. Bellian, Mr. C. A. Haines, Mr. J. W. Fairlie, and Mr. A. L. Wolfendale. The general manager will be Mr. K. Carter, formerly with Hawker Siddeley Diesels and Electrics and Hawker Siddeley International.

★

Mr. J. L. Stevens has been appointed technical director of PETTERS, Staines, a Hawker Siddeley company.

★

Mr. Farncis A. A. Carnwath and Mr. Robert M. Shaw, assistant directors, have been appointed managing directors of BARING BROS. Mr. Alan D. Denison has been appointed a manager. Mr. Robert D. C. McAlpine and Mr. Wilbur J. Smith, Jr., have resigned as managing directors. Mr. Thomas Adrian Veitch has resigned as an assistant director.

★

Mr. J. F. Plowman has joined the Board of JOHN E. FELLS AND SONS and has been elected chairman. He recently retired from the board of Saccone and Speed.

★

Dr. Eleanor B. Sheldon has been elected to the board of H. J. HEINZ COMPANY.

Mr. David R. Bishop and Mr. Stephen Nussey have been appointed vice-presidents and money market managers of the London branch of SECURITY PACIFIT NATIONAL BANK.

★

Mr. I. M. Meredith will relinquish his appointment as UK managing director of COATES BROTHERS AND CO. on becoming director—international operations. Mr. J. B. C. Darroch relinquishes the post of overseas director but will continue as finance director. His responsibilities will include group planning and also group purchasing.

★

Sir David Checketts, a member of the executive staff of the British Electric Traction Company has been appointed a director of the NATIONAL ELECTRIC CONSTRUCTION COMPANY. Mr. Wilfred M. Dravers has resigned from the board due to his impending retirement from the executive staff of the parent company. The British Electric Traction Company.

★

Mr. M. J. Billington has been made managing director of TURRIFF ENGINEERING and a director of Turriff. He was managing director of E. Green and Sons, Wakefield.

★

Mr. Charles Leveson-Gower has been appointed, managing director of SPOONER INDUSTRIES and Mr. Norman Scrouther joins the Board. Dr. T. C. Shaw will remain on the Board as a consultant and as deputy chairman.

★

CROWN CENTRAL PETROLEUM CORPORATION has appointed Mr. Peter G. Hills as general manager for its subsidiary Crown Central International (U.K.), London. He was *previously employed* by Amoco, UK.

★

Mr. Ron Law, director and general manager, becomes managing director of ENSECOTE. Mr. Lewis Nutton, company secretary, is elected the new financial director.

★

Mr. Clive Bradly has joined HARRISON AND SONS (the Harrison Group) as executive deputy chairman.

CORAL INDEX: Close 465-470

INTERNATIONAL COMPANIES and FINANCE

● NEWS ANALYSIS—CIT FINANCIAL/RCA

Room for growth in financial fields

BY STEWART FLEMING IN NEW YORK

SINCE HE was catapulted to the job of chief executive of RCA in 1976, after a succession of boardroom upheavals, Mr. Edgar Griffiths has presided over a dramatic recovery in the fortunes of the electronics and broadcasting company, which last year reported sales revenues of $6.6bn.

That recovery has been rooted not only in the steady improvement in the U.S. economy and in the diverse range of industries which RCA serves but also in the imposition of a tighter financial structure for the business. RCA's large head office staff has been reduced, its inventory control and capital allocation systems reformed, and a beginning has been made in the disposal of businesses which the company, for one reason or another, feels it ought not to be in.

Increasingly, however, investors have been wondering what management would do in order to try to get RCA into areas with good long-term growth potential, whose earnings would help to offset the cyclical ups and downs of several of its existing interests and reinforce the growth of some of its more mature operations, such as the production of television sets and tubes. In the former, RCA is the second largest US television producer, and it is a world leader in the TV tube market.

It has been no secret that the management of RCA was well aware of the need to meet this challenge to the corporation's long-term future. Mr. Griffiths has said publicly this year that RCA was beating the bushes in search of a major acquisition, and analysts have speculated that financial services would be an area of interest. Indeed, there has been speculation that RCA at one stage talked to Walter E. Heller International, the company which Midland Bank of the UK has set its sights on acquiring.

Now, however, RCA has made clear the direction of its thinking with confirmation of reports in the Wall Street Journal that it was talking with CIT Financial, the largest independent finance house in the U.S. and a company which would cost over $1bn to buy. Terms have not yet been agreed.

RCA's move is important not just for the company, but also in terms of the structure of the U.S. financial system. Analysts see considerable benefits to RCA from having an in-house financial business—indeed, one analyst said yesterday morning that the fact that RCA has not had its own subsidiary to finance its sales of such items as broadcasting equipment, or the leasing side of its Hertz car and truck rental operations, was a weakness. Other industrial giants such as General Motors and General Electric Corporation have thriving subsidiaries in these areas.

But in trying to assess the strategy behind RCA's move, analysts put greater emphasis on the argument that RCA wants to get into the financial services business because it sees long-term growth in such operations as consumer finance and the lease financing of industrial equipment for corporations. CIT also has an insurance subsidiary, which last year produced after-tax income of $15m.

The entry of RCA into these fields (excluding insurance) will further intensify the competitive pressure on commercial banks. Some of the big U.S. banks have been getting restive at the sight of less tightly-regulated concerns, such as the finance subsidiaries of General Electric, spreading their wings into traditional banking markets like consumer finance and industrial leasing. The banks themselves have been pushing hard to compete, building up their own asset-based (or secured) lending where margins have been wider and the banks' share of the market small enough to open up considerable growth potential. Finance house business also gives the banks and finance companies an opening into a nationwide market—particularly attractive to the banks since they are forbidden by law from opening deposit-taking branches in more than one state.

RCA, while it looks like having to spend heavily to achieve this diversification, now at least seems to have a more secure base from which to launch out, both in terms of the management and the profitability of its existing operations.

After peaking in 1973 at $184m, the following year RCA hit serious trouble when after tax income plunged to $110m as the television and semi-conductor markets collapsed, adding to problems which already existed as a result of past errors. At the beginning of the decade, RCA had suffered the public indignity of having to write off fully £490m following the decision to reverse a major strategic choice and try to compete in the mainframe computer market.

In the wake of the profits slump of 1974, Mr. Robert W. Sarnoff, the chairman and chief executive of the company, was dismissed. The son of David Sarnoff, this man who built up RCA between 1930 and 1966—Robert Sarnoff has been criticised for what amounts to folie de grandeur in his management of the company. He was succeeded in 1975 by Mr. Anthony Conrad, who left in 1976 following the disclosure that he had failed to file personal income tax forms for a number of years. Mr. Griffiths then took over the running of the company.

Since then, RCA's profits have risen sharply, hitting $278m or $3.65 a share last year. A dramatic improvement in the profits of its Hertz car rental business, consumer products (which includes television sets and records) and in the commercial electronics business, helped to account for the rise.

The biggest disappointment has been NBC, one of the three national television network companies, which traditionally has provided around one quarter of profits, but whose programmes have been slipping in the ratings and whose revenues fell 20 per cent last year. Broadcasting still provided $122m of pre-tax profit. There is still no recovery in sight for NBC.

In spite of the recovery, RCA's share are selling at only seven times earnings at the current prices of some $25 each, reflecting analysts' worries about whether the company will again prove to be vulnerable to an economic recession, and questions about its long-term growth. But RCA now seems to be in the process of trying to provide answers to the second question. Its resistance to recession will depend in part on how tight a grip Mr. Griffiths has been able to get on the corporation's internal affairs in the short time that he has been chief executive.

RCA

Divisions	1978 revenues $m	Profit before tax $m
Consumer electronics	1,725.2	164.6
Commercial electronics	838.8	87.4
Broadcasting	1,214.8	122.1
Vehicle renting	938.3	153.6
Communications	324.2	65.5
Government business*	524.4	21.9
Other business*	1,059.4	78.7
Total after income less interest and expenses	6,644.5	514.6
Net income after tax		278.4

* Includes publishers Random House, Oriel Foods in the UK, Banquet Foods and Coronet Industries.

CIT FINANCIAL

NET INCOME 1978	($m)
Financing	54.3
Life and health insurance	15.0
Banking*	18.5
Manufacturing	18.5
Less interest and foreign exchange losses (unrealised)	19.8
Net income†	86.5

* Banking division sold to National Westminster Bank earlier this year.
† Equal to 4.16 per share.

Studebaker in merger talks

BY JOHN WYLES IN NEW YORK

STUDEBAKER - Worthington, which manufactures industrial and electrical equipment, yesterday revealed that it had received merger overtures from "a large U.S. industrial company" interested in paying "a substantial premium over current book value."

The New York-based company's announcement came after a rise to $32⅜ in its share price on the New York Stock Exchange during early trading. The stock was suspended later and it will be surprising if there is not some official interest in the early trading activity.

Studebaker has been trading recently at around $26—a $12 discount to current book value and only 3.2 times last year's earning of $119.9m on $8.06 per share.

The company stressed yesterday that it was holding only preliminary discussions with the unidentified suitor, and there was no assurance of a proposal that would be satisfactory.

The company was once a famous manufacturer of motor cars, but it withdrew from that business in 1963. It went on to acquire a number of companies, culminating in the 1967 acquisition of Worthington. This gave it a range of activities embracing the manufacture of compressors, turbines and valves as well as electric generators and automotive parts.

The company's sales last year were $1.42bn, 12 per cent up on the year before, but its profits rose by 73.2 per cent.

Hard currency sector gains in Eurobond market

BY JOHN EVANS

MIDDLE EAST buying emerged yesterday in some "hard currency" sectors of the Eurobond market, while elsewhere the proposed $150m European Investment Bank issue was being quoted in the pre-market on a 10.05 per cent yield basis.

The further weakness of the dollar helped to create new demand for Swiss franc foreign issues, with rises in some bonds ranging to ½ point.

In addition, the lower time deposit interest rates at the major Swiss banks, effective yesterday, lent support to the market.

The 9.70 per cent 10-year EIB issue, which is now open to competitive tender among 50 international banks, was being indicated at 97.50 to 98.00 in the pre-market, where bonds are frequently traded before their formal issue.

This price range was considered as a fair judgement on the forthcoming issue as it pitched the yield at about 10.05 per cent—in line with current returns on a range of outstanding EIB dollar bonds.

The Eurodollar bond market overall drifted fractionally lower yesterday, in trading still unsettled by the weakness of the dollar exchange rate.

Prices of Deutsche-Mark Eurobonds rose by around ¼ point.

Eurosterling bonds showed early strength, after the pound moved over $2.25 in currency markets. But profit-taking later eroded the advance, particularly after the Bank of England continued to maintain its minimum lending rate at 14 per cent.

In new issue activity, Argentina is floating $50m of five-year notes, bearing 9⅞ per cent through a syndicate led by Credit Suisse-First Boston.

The offering is the first by Argentina in the straight-debt dollar sector since 1970. Indications are that, under present market conditions, the notes will probably be priced at 99 to yield 10.14 per cent to maturity.

● Estimates published by Kredietbank SA Luxembourgeoise and Credit Lyonnais shw that 144 public Eurobond issue price is par. with a prepay- $8.21bn were floated in first half 1979 compared with 121 issues ($6.9bn) in the first half of 1978.

Suit filed on German A & P stake

By Our Financial Staff

TWO SHAREHOLDERS of the Great Atlantic and Pacific Tea Company, the U.S. supermarket chain, have filed suit charging that the sale of a 42 per cent stake in A & P to the West German retailing concern Tengelmann violated U.S. securities laws.

The suit was filed in U.S. district court, Manhattan, by Mr. Edwar Stromfeld of New York and Mr. Sol Zisook of Wilmette, Illinois. They sought class action status to recover unspecified monetary damages for all A & P shareholders who were excluded from last February's deal. In addition, they are asking for damages for the company.

Mr. Ladd joins Warner venture

BY OUR NEW YORK STAFF

SPECULATION ABOUT the future activities of the high-flying Alan Ladd, Jnr., after his resignation from Twentieth Century Fox Film Corporation has ended with an announcement of a joint venture in motion picture production with Warner Communications.

Mr. Ladd and the two other senior Fox executives who resigned with him will set up and control the company, while Warner will distribute its films and arrange for "substantial financing."

Mr. Ladd, whose contract as president of Fox's film unit expires at the end of next year, will presumably be hoping to concentrate on creative activities of the new company rather than on the administration. He explained his resignation from Fox in terms of an uncomfortably heavy administrative workload.

But it has also been reported that Mr. Ladd was unhappy with the distribution of bonuses at Fox last year which gave him $1.94m in salary and bonus but which did not equally reward his production team. In particular, the two associates who will join him in the new venture with Warner, Mr. Jay Kanter and Mr. Gareth Wigan, reportedly shared their bonus money with a dozen other employees. Mr. Kanter is Fox's vice-president of world-wide production and Mr. Wigan is vice-president of production.

Mr. Ladd and his team have been responsible for a string of major box office successes, led by Star Wars, which have sharply boosted Fox's profits and paved the way for diversification.

It is doubtful whether Mr. Ladd will in fact work out his contract at Fox, which is already seeking a replacement. Meanwhile, Warner Communications, whose filmed entertainment revenues were $383m last year and operating profits $79.9m, says that it expects distribution fees from the new venture and "depending on the nature of the financial arrangements", some share of its profits.

Can Pac Airlines unfolds expansion plans

BY VICTOR MACKIE IN OTTAWA

CANADIAN Pacific Airlines, in a major move to capture half of the Canadian air traffic market, plans to spend more than $C1bn (SUS860m) on a five-year capital expansion programme. Mr. Ken Dakin, CP Air's executive vice-president, announced on Wednesday in Vancouver that the airline will purchase 18 new jet airliners, increase its support services and expand its transcontinental and Western Canadian flight routes during the next five years.

The expansion is expected to result in 1,600 more jobs in addition to the 500 CP Air plans to add this year. The privately-owned airline now has 7,500 employees.

It is also expected to boost the company's share of the Canadian market to 43 per cent at the end of the five years.

Until recently, Canadian Government restriction on CP Air's transcontinental operations curtailed the airline's share of the Canadian market to 25 per cent while Air Canada took 75 per cent.

Flexi-Van drops bid for Seaboard

By Our New York Staff

FLEXI-VAN Corporation, the "white knight" who was expected to snatch Seaboard World Airlines from an unwelcome suitor, has decided instead to ride off alone into the sunset and abandon its merger proposals.

The sudden withdrawal of Flexi-Van's $124m bid is a bitter disappointment for Seaboard, second largest all-cargo airline in the U.S., which has spent a good part of the year trying to fend of the No. 1 cargo carrier, Tiger International.

Tiger has acquired a 24.4 per cent stake in Seaboard, and is awaiting a Civil Aeronautics Board decision on whether it can press ahead with a full merger proposal. After a long search Kidder Peabody and Co., the New York investment bankers, lined up Flexi-Van as an alternative and more welcome partner for Seaboard towards the end of May and its $18.25 a share proposal was welcomed by Seaboard.

Now it appears that Flexi-Van, a 14-year-old lessor of containers, trailers and other transport equipment, has had second thoughts. Mr. Leo L. Mellam, the company's founder, chairman and chief executive, said earlier this week that Flexi-Van's lenders had expressed concern about the proposed merger.

Dominion Bridge issue

By Robert Gibbens in Montreal

DOMINION BRIDGE, the highly successful structural steel subsidiary of the Canadian Pacific group which has branched out into U.S. steel fabrication and oil service supply, plans a rights offer to raise some U.S.$85m of new money to finance future expansion. Full details are expected later this month.

Canadian Pacific Investments and Algoma Steel (itself a CP subsidiary) together own 52 per cent of Dominion Bridge's stock and will exercise their rights.

Dominion Bridge expects earnings for the first half of the current fiscal year to show a significant improvement over the previous comparable period.

Among the company's recent fundings was a US$30m five-years Eurobond, carrying a coupon of 10½ per cent, in the international bond markets.

In a separate development, the company said that a dispute with the Canadian tax authorities over the operations of a Bahamas-based subsidiary has been settled. The subsidiary will be treated as a separate and distinct entity. The dispute centred on the price at which Dominion Bridge purchases foreign steel through the subsidiary, and resulting tax liabilities.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	[illegible]	[illegible]	[illegible]	[illegible]	10.10
Alex Howden XW 9¼ 91	30	[illegible]	[illegible]	[illegible]	[illegible]	11.82
Avco O/S Cap. 10½ 87	40	[illegible]	[illegible]	[illegible]	[illegible]	10.65
Bayer Int. F. XW 7½ 89	200	[illegible]	[illegible]	[illegible]	[illegible]	9.78
CECA 9¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 83	400	[illegible]	[illegible]	[illegible]	[illegible]	9.42
Canada 9¼ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.52
Canadian Pacific 9¼ 89	50	[illegible]	[illegible]	[illegible]	[illegible]	9.95
Comalco Inv. E. 10¼ 91	30	[illegible]	[illegible]	[illegible]	[illegible]	10.32
Dominion Bridge 10¼ 84	30	[illegible]	[illegible]	[illegible]	[illegible]	10.31
Dow Chem. O/S 9¾ 94	200	[illegible]	[illegible]	[illegible]	[illegible]	9.79
EIB 9⅜ 99	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 86	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 98	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 99	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 99	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 9.85 84	150	[illegible]	[illegible]	[illegible]	[illegible]	9.69
Export Dv. Cpn. 9⅝ 84	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ekspotfinans 9 86	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 9⅜ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GTE Fin. 9¼ 84	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gould Int. Fin. 9¾ 85	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hospital O/S 9 83	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hudson Bay Co. 10 94	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ital Finance 9⅜ 90	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ital Finance 10¾ 93	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITT Antilles 9⅜ 89	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kennecott Int. 9⅞ 86	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 9⅜ 88	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Des Telecm. 9¾ 86	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick 9¾ 84	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland 10 84	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norsk Hydro 9¾ 94	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9¾ 84	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia Prov. 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental Fin. 10¼ 84	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Leasg. NV 9¾ 86	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pennwalt O/S F. 9¾ 84	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portland 10 84	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 10 99	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Redland Fin. XW 9½ 91	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck 8 82	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stockholm 9¾ 94	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9¾ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9⅞ 89	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Leasing Intl. 10 84	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5¾ 87	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Argentina 6½ 88	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Argentina 6¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6 88	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 5½ 90	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco Desarrollo 7¼ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O'seas 6¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Ext. Algerie 7¼ 85	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 7¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 6¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 7 91	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen City 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. 6¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. 7¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 5¾ 85	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 6¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eletrobras-Brazil 7 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 6½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indonesia 7 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mepal Fin. 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Chem. 6 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Kokan 6¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 6¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6⅛ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 6¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 6¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. Pwr. 6½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Venezuela 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 3¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 3½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 4¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 3½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 3½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. 4¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNDE 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV 3¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 4½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 3¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philippines 4¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 4½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 4¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 4¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 5.8 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.8 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96	97	0	0	9.94
Avco Fin. 10¼ 86 C$	25	96½	97	0	0	10.93
Ex. Dev. Cpn. 10 84 C$	50	99	99½	−0⅛	0	10.19
Fst. Can. Inv. 10 84 C$	50	98⅝	99⅛	0	+0⅛	10.26
Hudson Bay 10½ 88 C$	60	99⅝	100⅛	+0⅛	0	10.51
Quebec 10¼ 86 C$	50	97⅝	98¼	+0⅛	−0⅛	10.66
R. Bk. Canada 10 85 C$	40	100⅛	100⅝	0	+0⅛	9.91
R. Bk. Canada 10 94 C$	40	96½	97	0	+0⅛	10.43
Copenhagen 8¾ 91 EUA	25	97½	98¼	+0⅛	+0⅞	8.50
Komm. Inst. 7½ 93 EUA	15	94⅜	95⅜	+0⅛	+0⅜	8.10
Panama 8¾ 93 EUA	20	93⅞	94⅞	0	+0⅛	8.86
SOFTE 8¼ 89 EUA	40	95⅞	97⅛	0	+0⅛	8.79
Algemene Bk. 6½ 83 Fl	75	92	92½	−0¼	−0⅛	8.69
CFE Mexico 7¼ 83 Fl	75	93⅝	94⅛	−0½	−0⅛	8.83
EIB 7¾ 85 Fl	75	90⅝	91½	−0¼	−0½	9.17
Ned. Middbk. 8¼ 84 Fl	75	97¼	97¾	−0⅜	−0⅞	8.90
New Zealand 6¾ 84 Fl	75	90⅝	90⅝	−0½	−0⅝	9.24
Norway 8¼ 84 Fl	100	97½	98⅛	−0⅛	−0⅛	8.80
Elf Aquitaine 9¾ 88 FFr	150	94⅞	95⅞	0	−0⅛	10.53
EIB 9¾ 88 FFr	200	94⅞	95⅞	0	−0⅛	10.54
Euratom 9¾ 87 FFr	150	95¼	96¼	0	−0¼	10.59
Norway 9¼ 84 FFr	200	95½	96½	0	−0¼	10.36
PSA-Peugeot 9¾ 87 FFr	175	94¾	95¾	0	−0⅛	10.67
Saint-Gobain 9¾ 86 FFr	130	94⅞	95⅞	−0⅛	−0⅛	10.72
Solvay et Cie 9¾ 87 FFr	125	95⅞	96⅝	0	−0⅛	10.59
Total Oil 9¾ 87 FFr	150	93⅝	94⅝	0	−0⅛	10.58
Unilever 10 85 FFr	100	97⅛	98⅛	−0⅛	−0⅞	10.50
CECA 9¾ 89 £	20	90	91	−0½	+1½	11.28
Citicorp 10 93 £	20	92⅝	93⅝	−0⅛	+2⅞	11.03
EIB 9¾ 88 £	25	90½	91¼	0	+1⅞	11.45
EIB 11½ 91 £	25	95⅞	96⅝	−0⅛	+1⅛	12.19
Finance for Ind. 13 91 £	15	103¾	104½	+0⅛	+3⅞	12.29
Gen. Elec. Co. 12¼ 89 £	50	101⅛	102¼	+0⅛	+3¼	12.13
Euratom 8 87 LuxFr	500	97¼	98¼	0	0	8.40
Norges Km. 8 86 LuxFr	500	95¼	96¼	+0¼	−1¼	8.79
Oslo, Cty of 8 89 LuxFr	500	97¼	98¼	0	−0⅛	8.32
Solvay Fin. 8 85 LuxFr	500	96⅝	97¼	0	+0⅛	8.56
Swedish Bk. 8 88 LuxFr	500	†95¼	96¼	+0⅛	−1	8.68

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. M5.5 89	0¼	98⅝	99⅛	12/7	12.4	12.54
BNDE M6 89	0¼	96⅞	97⅜	21/9	11⅜	11.84
Banco di Roma M6 87	0¼	98⅜	98⅞	26/10	11.19	11.34
Bco El Salvador M8 83	1¼	†95	95½	12/10	12⅛	12.86
Bco. Nac. Argent. 7 86	0¼	97⅜	97⅞	22/9	11½	11.78
Banco Prov. BA M7¾ 86	0¼	98⅛	98⅞	12/5	11	11.17
Banco Urquijo 6 86	0¼	97⅞	98⅜	21/9	11½	11.72
Bank of Tokyo M5½ 93	0¼	99	99⅝	18/10	11¼	11.84
Bq. Ext. d'Alg. M7.5 85	0⅜	95	95½	2/11	11⅞	12.47
BNP 5½ 91	0¼	98½	99	22/2	11⅛	11.52
Citicorp O/S Fin. 6 94	‡0¼	99½	100	8/9	10.69	10.71
Creditanstalt M5½ 91	‡0¼	98½	98⅝	14/9	10⅞	11.05
Gotabanken M6 88	0⅜	98⅜	98⅞	15/5	11½	11.68
Ind. Bk. Japan M5½ 85	0¼	99½	100	1/12	10.94	10.97
Jugobanka M8 89	0⅜	95⅞	96⅝	23/11	11⅞	12.36
LTCB Japan M6¼ 85	0¼	99½	100	8/10	11⅛	11.85
LTCB Japan M5½ 89	0¼	99	99½	7/12	11⅛	11.21
Mfrs. Han. O/S M5¼ 94	‡0¼	99	99½	23/8	11.19	11.27
Nipp. Crdt. Bk. M5.5 85	0¼	99⅛	99⅝	22/12	10.94	11.01
OKB M5¼ 88	0¼	98⅝	99⅛	18/10	11.44	11.49
Petro Mexicano M7 84	0¼	98⅝	99⅛	24/7	12.06	12.20
Privredna Banka M8 86	0⅞	95⅞	96⅜	20/12	11.58	12.05
Sundsvallsbnkn. M6 85	0¼	98⅛	98⅝	4/10	11.06	11.23
Texas Int. Air. M7 86	0¼	96⅛	96⅝	11/10	11¼	11.88
TVO Pwr. M9 91 (D-L)	0⅜	97⅞	98⅜	24/11	11⅛	11.39
Utd. Overs'a Bk. M6 89	0¼	97⅝	98⅛	29/9	11.14	11.38
Bq. d'Alg. M4.25 89 SF	0⅜	97¼	97¾	18/12	4¼	4.35

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ciba-Geigy O/S F. 4 94	9/78	675	*†93	94	+0⅛	−15.67
Coca-Cola Bottling 6¾	4/79	9	†85½	87	0	15.00
Credit Suisse 4¾ 93	10/78	1325	†105½	106¼	+0⅛	5.06
Esselte 7¾ 89	8/79	159	96⅝	96⅝	+0⅛	−0.48
Honda Motor 5½ 89	5/78	532	96¾	97½	−0⅛	−1.55
Nitto Elec. Ind. 6 94	7/78	735	86½	87½	0	0.74
Novo Industri 7 89	4/79	259	87	89	−0½	−0.55
Asahi Optical 3½ DM	12/78	588	†81¾	82¾	−0½	11.40
Casio Cp. 3½ 85 DM	11/78	841	86	86¾	−0⅛	24.77
Fujitsu 5 84 DM	7/78	476	99⅝	100⅝	−0⅛	18.56
Jusco 3½ 86 DM	1/78	1154	†81¾	82¾	+0¼	32.72
Kansai Elec. 4 84 DM	4/78	1350	†87¾	88¾	+0¼	23.62
Konishiroku 3½ 85 DM	1/78	612	†84½	84¾	+0⅛	19.63
Marudai Food 3½ DM	2/78	1033	†81¾	82¾	+1¼	39.69
Murata M. 3½ 86 DM	11/78	864	†84¼	85⅛	+0½	13.75
Nippon Yen. 3½ 85 DM	1/79	251	†122½	123½	−3	0.41
Nissan Diesl. 3½ 88 DM	2/79	477	†88½	89½	−0½	5.52
Olymp. Opt. 3½ 85 DM	2/79	703	81¾	82½	+0⅛	0.05
Sharp Cpn. 3½ 88 DM	2/79	487	†89	89½	0	10.99
Stanley Elec. 3½ DM	11/78	623	*†82	83	0	41.57
Tokyo Elec. 3½ 87 DM	4/79	476	89⅝	89⅞	−0⅛	38.27
Tokyu Ld. Cp. 4 86 DM	4/79	483	†83½	84½	0	15.90
Trio-Knwd. 3½ 86 DM	11/78	711	†80	80½	+0⅛	38.47

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

SEC gives details of Triumph Adler deal

By Jeffrey Brown

VOLKSWAGEN is to pay DM 216m ($117m) for the controlling interest in West German office equipment manufacturer Triumph-Adler that it proposes to buy from Litton Industries of the US.

At the same time, the German car maker is to effectively underwrite a substantial amount of T-A debt with Litton taking back $160m in loans made to its subsidiary. These details of the deal, the first to emerge since the acquisition was announced last March, have been released in the U.S. by Litton under SEC requirements.

According to Litton's 8K filing, the DM 216m in cash will give VW control of 52.2 per cent of T-A's existing capital. Subsequently, VW will contribute further funds to T-A as part of an increase in the company's capital from the current DM 46m nominal to DM 80.8m.

VW is to purchase DM 19.3m of the additional nominal capital to be raised by T-A with another major shareholder, the privately owned German electronics group, Diehl, taking up DM 14.5m. Minority holders will pick up the balance. If West German Press reports are correct, the asking price of DM 350 a share will involve VW in an outlay of DM 135m.

Thus a combination of the initial purchase price, loan commitments and new capital injection could eventually involve VW in an overall cost of around $290m.

The deal with T-A is the first major move by VW to diversify away from the motor industry. Its announcement came shortly after the breakdown of acquisition talks between VW and German computer group, Nixdorf.

Dornier expects upturn in demand

BY GUY HAWTIN IN FRANKFURT

DORNIER, the West German aerospace group, sees secure prospects well into the 1980s. It forecasts rising demand for its products which include aircraft, space technology, electronics and defence technology.

The privately-owned group, which is firmly grounded in "new technology," said that the current business year would be under-pinned above all by production of its successful Alpha-Jet close air support and trainer aircraft. This is a joint development between Dornier and the French Dassault-Breguet group.

Output of the Alpha-Jet has been gradually geared up over the past couple of years and could well bring 1979's group sales up to more than DM 1bn ($547m).

Last year aircraft construction accounted for 25 per cent of group sales which slid 5.4 per cent from DM 722m to DM 687.4m. However, Dornier's total output in 1978 was worth some DM 785m—5.5 per cent up on the previous year.

According to the Dornier management, aircraft sales increased by 5.5 per cent to DM 170.6m, while the defence technology sector saw sales growth 29 per cent to DM 128m. Service and maintainance revenue was up 20 per cent to DM 130m and mechanical engineering sales rose 10 per cent to DM 122m.

In contrast sales in the space technology sector fell back 55 per cent to DM 211m. But, it should be pointed out that heavy fluctuations from year to year are common in this sector.

Group gross earnings fell back from DM 50m to DM 42m. But net profits declined only slightly from DM 19.8m to DM 19.2m. Of this some DM 5.5m is being allocated to reserves in contrast with the previous year's DM 3.6m.

* * *

The heavy dependence of the West German construction industry on overseas business is illustrated by figures produced yesterday by the Frankfurt-based Wayss and Freytag group.

Last year overseas contracts accounted for close on 30 per cent of the group's total output, while virtually half of the group's total order book, worth a current DM 980m ($535.52m) comes from abroad. At the same time the group reported that increased earnings from overseas contracts in 1978 had more than offset unsatisfactory domestic profits.

Construction output in 1978 totalled DM 724m, said Wayss and Freytag. Of this, some DM 300m resulted from work carried out abroad, almost double the 1977 figure.

Foreign earnings led to a hefty increase in net profits, depressed by a domestic building recession which has lasted most of this decade. They rose from DM 450,000 in 1977 to just over DM 2m and have led the management to recommend a doubling of the dividend from 5 per cent to 10 per cent.

During the first four months of this year the group has secured orders worth DM 400m—again, with a substantial proportion coming from overseas. Foreign contracts account for some DM 460m of the overall order book.

Another good year is predicted for the group. Construction output is expected to show further growth and earnings are again forecast as satisfactory.

French tyre group plans to cut out lossmakers

By Terry Dodsworth in Paris

KLEBER - COLOMBES, the French tyre company, is aiming to complete by 1981 a reorganisation plan designed to eradicate the heavy losses of the past few years.

The deficit last year, when the company dissolved its co-operation agreement with Semperit of Austria, hit a high of FFr 98m ($22.8m). This followed a loss of FFr 46.7m in 1977, and has forced the company into drastic action to re-organise its productive capacity and reduce its workforce.

M. Manuel Beraldi, the chairman of the group, has told shareholders that the reorganisation includes measures to streamline and modernise production facilities, adapt distribution networks and launch new products. Sales of property in the Paris region will also raise finance for the adaptation programme.

Kleber will also be reducing its workforce by a total of about 2,800 out of a total of 9,000.

In the first five months of this year, Kleber says that turnover has gone up by 12 per cent, and there has been an improvement in returns for the industrial rubber division.

Turnover last year reached FFr 2.3bn against FFr 2.1bn in 1977. Because of the poor results, there will be no dividend.

Foreign investment in Italy increases

BY RUPERT CORNWELL IN ROME

NEW EVIDENCE of Italy's return to favour as a home for foreign investment has been provided by a survey released yesterday showing that for the first time since 1971, foreign shareholdings in major Italian companies are increasing.

According to the figures, which relate to 1977, 15.7 per cent of the capital of the country's 1,000 largest concerns was foreign-owned, against 14.1 per cent at the end of 1976. The indications are that the trend may have continued last year, which saw the acquisition by Arab interests of a 10 per cent stake in Montedison, the country's largest chemical group, and various other deals involving quoted companies on the Milan Bourse.

The survey, carried out by ISTAT, the National Statistics Institute, marks the end of a six-year period in which foreign interests were gradually run down from their peak level of over 18 per cent in 1971.

The findings suggest that not only is there less anxiety about the "Italian risk" lessening abroad, following the failure of the Communist Party to enter government and the strong recovery in the country's external accounts, but also that Italy is increasingly seen as a potentially profitable site for foreign investment.

Of the 1,000 Italian-based companies covered in the inquiry, 351 had some measure of foreign ownership. In 216 of them the foreign share was over 50 per cent, and 159 were fully owned from abroad. Of total such investment in 1977, almost half came from Common Market countries, and 24 per cent from the U.S., and just over 18 per cent from Switzerland.

Nestle plans Brazilian plant

BY JOHN WICKS IN ZURICH

NESTLE, the Swiss foods group, is to open a new factory in Brazil for the manufacture of milk and cocoa products. Located at Itabuna, in the northern state of Bahia, it will process local milk and cocoa beans.

It is the sixteenth plant opened by Nestle in Brazil since the 1920s and will offer work to 300. Much of the Itabuna output will be exported in the form of semi-products to the U.S. and European markets.

At the same time, Nestle is to invest SwFr 17m in setting up a research and development centre in Ecuador for the development of foodstuffs from local raw materials and of special products against malnutrition.

This will be the group's first R & D operation in a developing country. Some 12 such Nestle units are already in operation in the United States and Europe.

Nestle's major new research project, the Swiss Food and Research Centre, will, according to a company statement, be built at Vers-Chez-les-Blanc near Lausanne. Construction is to start next year. Some 400 people will work on basic research and operations are due to start in 1984.

Nestle will keep quality-control laboratories and facilities for certain technological developments at La Tour de Peilz, near Vevey, and its laboratory for food biology investigations at Orbe, also in Canton Vaud.

* * *

THE SWISS engineering company Ateliers des Charmilles SA, of Geneva, is to recommend an increase in its dividend for the year 1978-79 from 8 to 9 per cent, following a rise in parent company net profits from SwFr 2.6m to SwFr 3.63m for the year. Group profits totalled SwFr 3.02m, although these are not comparable with 1977-78 figures because of an alteration in consolidation principles.

At the same time, the Board is to ask shareholders to approve an increase in share capital from SwFr 24m to SwFr 30m. The corresponding rights issue will be at an issue price of 150 per cent nominal value.

* * *

THE SWISS chemicals concern Sandoz AG, of Basle, has acquired all the shares of the Italian company Sarma, Milan, and the German undertaking K. J. Quinn, Leinfelden, from products research and chemical corporation, of Glendale, California. The combined purchases price is given as $15m.

Each of the companies taken over has annual sales equal to some SwFr 20m and each employs about 100 people. Sarma is active in the field of pigment preparations for the plastics industry, while K. J. Quinn makes leather finishes. Sandoz is already a major producer of both items.

U.S. licensing agreement for Nitro Nobel

By Victor Kayfetz in Stockholm

NITRO NOBEL, the Swedish explosives company, a subsidiary of the chemicals group Kema-Nobel has announced a 10-year licensing and collaboration agreement with the Atlas Powder Company of Dallas, Texas, for development and marketing of water-based and emulsion explosives throughout the world.

The Swedish company, including subsidiaries in Sweden and partly-owned companies in the Middle East, the Philippines and India and Panama, has a turnover of about SKr 900m ($200m) a year. Atlas Powder, part of the Tyler Corporation, has annual sales of more than half this much, mainly on the U.S. market.

Nitro Nobel officials said Atlas had an advantage over the Swedish company in research on water-based and emulsion explosives.

Swiss SE activity

Swiss Stock Exchange turnover shows an increase for the first five months of 1979. In Zurich, turnover was up from SwFr 43.14bn to SwFr 49.69bn, while the Basle Bourse saw a simultaneous rise in turnover from SwFr 9bn to SwFr 10.9bn, writes John Wicks from Zurich. The Geneva Stock Exchange, which does not publish turnover showed a rise in bargains of 14 per cent.

Fiat aiming for larger slice of European market

TURIN—Fiat, the Italian car maker, is mounting an offensive to win a larger share of the 12m car-a-year European market. The European market is critical to Fiat, which claims to hold the largest share (13.5 per cent) followed by Ford and Volkswagen (12 per cent each), Peugeot-Citroen (11.7 per cent), Regie Nationale de Usines Renault (11.5 per cent), and General Motors (10 per cent).

For the short run, Fiat officials are forecasting a slight increase this year in their share of the European market, to 13.6 per cent, with sales rising 50,000 units to 1.45m. Total 1979 Fiat sales are expected to increase by just under 100,000 vehicles to 1.63m.

Over the next five years, Fiat intends to invest the equivalent of $4.3bn in modernising its truck and car plants. This figure is 60 per cent of the company's total capital outlay during the period. This year, the company will spend $725m on its auto plants, including a substantial amount in Brazil.

Fiat plans to concentrate production of some middle-sized cars in Spain, where it is buying a majority interest in Sociedad Espanola de Automoviles de Tunismo. Another recent accord will concentrate production of Fiat's smallest model, the 126, in Poland, but enable Fiat to retain quality control.

On the research side, Fiat is enthusiastic about the petrol economies of a new fuel-injection system it has designed.
AP-DJ

Monberg and Thorsen lifts earnings

By Hilary Barnes in Copenhagen

PRIVATELY-OWNED civil engineering, manufacturing and trading group, Monberg and Thorsen, reports a 39 per cent increase in sales for last year to Kr 1.98bn. Earnings before tax were up from Kr 38m to Kr 34m and net earnings from Kr 19.8m to Kr 28.3m.

Returns for the group were described as "fairly satisfactory." The civil engineering contracts in the domestic market failed to meet expectations and activities in Iran were affected by the political situation, but the pharmaceuticals division had a very satisfactory year, said the annual report.

Moderate progress in sales and earnings is expected this year. The dividend for the parent company is increased from 7.8 per cent to 10 per cent.

Elf Aquitaine sees upturn

ZURICH — Elf Aquitaine expects its group cash flow to rise sharply to around FFr 10bn ($2.35bn) in 1979 from last year's FFr 6.06bn, finance director M. J. Bonnet de la Tour said.

The company also expects production from its recent oil discovery at Burosse in the western Pyrenees to rise to between 100,000 and 150,000 tonnes a year, he told a presentation held before the listing of the company's shares on the bourses of Zurich, Basle and Geneva.

This figure compares with the group's total production of hydrocarbon liquids of 18.5m tonnes last year.

In a prospectus published in connection with the share listing, the company said that business development was favourable towards the end of the first half year.
Reuter

Mannesmann sees little change in sales outlook

DUSSELDORF — Sales of Mannesmann foreign subsidiaries fell by 19 per cent to DM924m in the first five months of this year, but a 4 per cent increase to DM3.40bn in domestic companies' sales left overall turnover of the steel pipe and industrial plant group little changed from the previous year at DM4.3bn.

The managing board chairman Herr Egon Overbeck said that 1979 earnings would be affected by rising materials costs and remarked that energy supply could play a key role in Mannesmann's immediate future.

Herr Overbeck explained to the annual meeting that energy shortages could disrupt world trade and this would not leave the heavily export-dependent industrial installations group untouched.

At the same time, the chairman said that an increasing search for energy saving processes, and alternative sources of energy could benefit the machine builder's business.

In 1978, Mannesmann reported a group balance sheet profit of DM 104m on turnover of DM 12.67bn, unchanged from the 1977 profit, earned on DM 11.74bn in sales.
AP-DJ

Japan relaxes rules for Eurodollar CD issues

THE MINISTRY of Finance in Tokyo is understood to have allowed Japanese banks with branches in London to lengthen to five years the maturity on the floating rate note certificate of deposit issues they arrange in London. Up to now the Ministry had only allowed maturities of three years for such instruments.

This follows pressure on the Ministry of Finance by the Japanese city banks to be allowed to issue securities of longer maturities. Japanese long-term credit banks have been allowed to do so for a long time.

Major European and U.S. banks have been able in recent months to arrange FRN issues which carry coupons of ¼ per cent over the mean of the bid and offered six or three month London interbank rate. Such banks however are able to raise much larger amounts, for longer maturities (often 15 years) than are the Japanese.

In the wake of this decision, three floating rate CD issues have been announced for Japanese banks carrying maturity of five years. Credit Suisse First Boston is arranging a five year $20m CD issue for Dai-Ichi Kangyo Bank. The borrower will be paying a coupon of ¼ per cent over the mean of the bid and offered six month London interbank rate instead of the traditional ¼ per cent over the six month London interbank offered rate.

The terms on this CD bring the cost of borrowing for Japanese banks closer in line with what major European and U.S. banks have to pay when they raise money in the form of floating rate notes.

However, two Japanese CD issues are currently being arranged where the borrower is paying the more traditional ¼ per cent interest rate over the offered rate.

China close to the completion of foreign debt programme

BY JOHN EVANS

CHINA HAS so far this year completed or is on the verge of finalising about $26bn in foreign credits, according to Mr. Louis Saubolle, the Asia representative for the Bank of America.

The Bank of China has virtually achieved its target of some $30bn-$35bn of foreign financing to handle its extensive import programme up to 1985, particularly with the slowdown in major imports which is indicated by the latest revised economic plans decided in Peking, the banker said.

"We do not anticipate a further round of major credits for some time," he told a Press conference in London yesterday.

The bulk of the $26bn of credits has been provided by various countries, headed by Japan, which arranged $10bn of financing, followed by France ($8.85bn), Britain ($5.57bn), Canada ($2.1bn) and Italy with $1bn.

The remainder totalling nearly $3bn, was composed of bilateral agreements between the Bank of China and a number of western commercial banks in recent months, Mr. Saubolle added.

U.S. banks remained severely disadvantaged in extending credit to China because of the continued lack of facilities from the U.S. Export-Import Bank, he said. "We consequently are unable to compete with rates offered by European and Japanese banks with their government support."

Mr. Saubolle said American banks were also hampered in extending large loans to China because of Peking's reluctance to accept normal arbitration clauses in their loan agreements.

This problem is already holding up the completion of a $2bn Japanese syndicated loan to China, after deadlock over the question of legal arbitration if any future dispute arose on the financing. China is rejecting arbitration under British law, which is used for many international loan agreements.

US banks are subject to tough lending limits on their international financing activity. A bank is restricted to a maximum lending ceiling for any one borrower of 10 per cent of its capital plus reserves, the banker explained.

American banks frequently rely on the process of a wide syndication for loans to reduce their individual underwriting commitments and avoid touching prudential limits.

But in turn the refusal of China to accept normal arbitration practice made it impossible to syndicate widely loans among a broad range of banks, Mr. Saubolle noted.

● The Dai-Ichi Kangyo Bank has issued $20m of floating rate certificates of deposit carrying an interest rate ¼ per cent over the mean of bid and offered rates of six-month dollar deposits.

This is the first time such an issue for a Japanese bank has been tied to the mean rate. It represents a lowering of borrowing costs for Japanese banks, the lead manager, Credit Suisse First Boston, said.

Advance at Mitsubishi Electric

By Our Financial Staff

MITSUBISHI Electric Corporation, the Japanese integrated electrical machinery concern, has announced an increase of 78 per cent in its consolidated net profit for the year to March 31, to Y21.96bn ($101m), from Y12.34bn in the previous year.

The rise in profits ran substantially ahead of that in sales, which gained 18.3 per cent to Y1,020bn ($4.7bn), from Y862.3bn. Earnings per share were Y16.30, against Y9.62.

For the current year, Mitsubishi Electric expects further gains in consolidated net income and sales.

The consolidated figures compare with net income for the parent company, announced in May, of Y14.50bn, up 48.5 per cent, on sales up 18 per cent to Y834.7bn. At the time of releasing these figures, the company forecast a rise in net income at the parent company level in the current year to about Y21bn, on sales rising to Y1,020bn.

Consolidated net profit rises sharply at Toshiba

BY DONALD MACLEAN

TOSHIBA, THE major Japanese electric appliance and machinery manufacturer, raised its consolidated net income almost tenfold in the year to March, to Y23.16bn ($106.7m). This follows a fall of 34.5 per cent to Y2.37bn in the previous year, and compares with a loss of Y3.9bn in 1975-76.

The rise marks the first occasion in five years in which the company's consolidated net profits have exceeded those of the parent company alone. In May, Toshiba reported a 39 per cent increase in parent company net profits of Y19.40bn.

This has been achieved after measures to strengthen the company's subsidiaries, which have included cuts in and redeployment of personnel, the reorganisation of some operations and consolidation of others.

Toshiba's consolidated sales last year increased by 13.3 per cent to Y1,700bn ($8.2bn), from Y1,500bn in the previous year, and compare with parent company sales of Y1,240bn, up 17 per cent.

Earnings a share on the consolidated basis rose to Y11.05, from Y1.16.

Consolidated Plantations gain

BY WONG SULONG IN KUALA LUMPUR

CONSOLIDATED Plantations, the plantation subsidiary of Sime Darby, has reported a continuing rise in profits, as a result of increased production and high commodity prices.

For the nine months ended March, the plantation group recorded a profit before tax and replanting of 79.7m ringgit (U.S.$36.7m). This is 37.7 per cent more than the 57.9m ringgit during the same nine months of the previous year—and is higher than the 75.5m ringgit profit for the last full financial year.

Profit after tax and replanting came up to 40.9m ringgit, compared with 28.8m ringgit for the previous comparable period, and is higher than the 38.2m ringgit recorded for the full 12 months of the last financial year.

During the 9-months, the group sold 88,000 tons of palm oil, 18,000 tons of kernel oil, 22.2m kilos of rubber and 324,000 lb of cocoa — valued at 168.6m ringgit.

For the previous comparable period, it sold 81,000 tons of palm oil, 16,000 tons of kernel oil, 23.1m kilos of rubber and 233,000 lbs of cocoa—worth 135m ringgit.

Prices for all its commodities were much higher. Consolidated Plantations received 1,344 ringgit per ton for its palm oil, or 14 per cent more, 746 ringgit per ton for kernel oil, to show a gain of 37 per cent, 2.47 ringgit per kg for rubber, which was up 18 per cent, and 22 per cent more for cocoa, at 3.28 ringgit per lb.

● SIME DARBY has disclosed that under the proposed scheme of transfer of its domicile from London to Kuala Lumpur, shareholders will receive one share of 50 cents (Malaysian) in Sime Darby Berhad for each share of 10p in Sime Darby Holdings.

The decision to offer 50 cents shares, it said had taken into account that, at current foreign exchange rates, the 10p shares in Sime Darby Holdings were worth only 47 cents each.

Subject to the necessary consents from various Government authorities, the transfer scheme should be effective in December.

Indonesia gains finer debt terms

By David Housego and Philip Bowring in Jakarta

INDONESIA IS taking advantage of a sharp improvement in its balance of payments as a result of increased oil and commodity earnings to carry through a major debt refinancing on finer terms than it has so far obtained in international markets.

The Governor of Bank Indonesia (the country's central bank) Mr. Rachmat Saleh said in an interview here yesterday that negotiations were being concluded for a new 10-year loan of U.S.$425m at rate of ⅞ per cent over Libor for the first six years and 1 per cent for the remaining four.

Lead managers in the loan are Morgan Guaranty, Chase Manhattan and the Industrial Bank of Japan. The loan carries a grace period of five years.

The new loan will be used to prepay some 26 credits contracted largely with Citibank and Chase Manhattan in 1975-76 and which carry rates of 1¼ to 1½ per cent over Libor with maturities of about seven years.

Mr. Saleh also said that Indonesia had so far this year prepaid a further $100m of short-term high interest debt and expected to be repaying an additional $180m in the next 3-6 months.

The last major refinancing carried out by Indonesia was in 1977 when a U.S.$575m loan was arranged also through the intermediary of Morgan Guaranty.

BANK RAKYAT

The figures behind the rescue

BY WONG SULONG IN KUALA LUMPUR

THE PUBLICATION of the Malaysian Government's White Paper on Bank Rakyat, the Malay Co-operative bank, and the accompanying 669-page report on its accounts by Price Waterhouse, is a heavy blow to Malay pride. It is the price that has to be paid to get one of the leading Malay institutions on its feet again, and to save its shareholders their savings, amounting to millions of dollars. The bank has over 27,000 members, most of whom are poor farmers and fishermen, as well as 1,000 Malay co-operative societies.

Parliament has now been asked to approve another loan of 55m ringgit for Bank Rakyat, bringing total loans to 155m ringgit ($71.43m).

The White Paper and the Price Waterhouse report revealed the extent of the problems the bank had run into under its previous management. Datuk Harun Idris, the former powerful Chief Minister of Selangor, and chairman of the bank, and Abu Mansor, its former managing director, are now serving jail terms of four and three years, respectively, for mismanagement and misuse of funds.

Bank Rakyat was set up in 1954 under the co-operative societies ordnance. As a co-operative bank, it did not come under the supervision of the central bank. Its growth in the early years was slow, but steady, and its troubles can be traced back to 1972 when Datuk Harun became its chairman, says the White Paper.

By the end of 1975, the bank had accumulated losses of 65m ringgit, with debts and liabilities amounting to 190m ringgit and assets amounting to only 142m ringgit.

When the bank was losing money, millions of ringgit were simply charged to its subsidiaries as "management fees" so that on the bank's balance sheet a profit was shown, according to the White Paper.

Bank Rakyat's worst troubles are behind it, according to Mr. Ghani Ahmad, the new managing director of the bank. "We had the worst run on the bank in December, 1977, when Datuk *Harun went on trial and when the Prime Minister* said the bank was virtually bankrupt, but the situation has since stabilised and improved." Fixed deposits and savings, which stood at 171m ringgit at 1975, had risen to 255m ringgit (U.S.$117m) by the end of last year. Mr. Ghani is confident that accounts since 1975 which are being audited will show the bank "above water" in 1978.

Depositors did not realise, the White Paper goes on, that, the 12 per cent interest payments on their funds were coming from their own deposits, and not profits.

Shares of Kuala Lumpur Kepong, Haw Par Brothers and Malayan Banking Berhad, purchased by the bank for 3.3m ringgit (the current market value is much more) simply vanished according to Price Waterhouse, which adds that some of these shares were traced to nominee companies and that subsequent police investigation revealed that Abu Mansor was the beneficial owner.

The accountants are recommending that 19.3m ringgit out of a loan portfolio of 60.9m ringgit to hundreds of individuals and co-operative societies be written off as bad debts. The report pointed out there was no system of loan processing and collection, and many of the loan applicants were not creditworthy in the first place.

An outstanding example was a 1.5m ringgit loan to two Malays who set up a company, ostensibly to buy green tobacco leaves in Kelantan State.

A highlight was the promotion of the Muhammed Ali-Joe Bugner boxing bout in Kuala Lumpur in 1975. The bank lost more than 8m ringgit in the venture.

South African electrical group in takeover

By Jim Jones in Johannesburg

POWER Technologies (Powertech) the South African electrical equipment manufacturer, has announced its first major takeover.

Powertech was first listed on the Johannesburg Stock Exchange last December through Shell Company Southern Cross. Since its listing, Mr. Bill Venter, the chief executive, has made clear his company's intention to expand through acquisition.

The company's present activities comprise the manufacture of electrical relays, protection equipment and associated products which provide an annual turnover of R5.5m ($6.51m). The *current* acquisition for R156,000 cash and 500,000 shares at a price of 65 cents of 60 per cent of the Johannesburg-based electrical engineering company circuitaire is expected to double turnover to R11m. In addition the acquisition is forecast to contribute R250,000 to Powertech's after-tax profit and increase earnings in the year to February 29, 1980 from 2.4 cents per share to 3.5 cents.

Although Powertech is small by most standards, Johannesburg investors believe that its management team is well able to turn in strong earnings growth over the next few years, rating the shares at 80 cents on a low 4.4 per cent prospective yield.

Bovis SE Asia

Bovis South East Asian Berhad announced that only 14,550 shares of its rights issue of 25.65m shares have been accepted, but the parent company P & O Asia (Holdings) has taken up its entitlement of 17.45m shares, Reuter reports from Singapore.

CURRENCIES, MONEY and GOLD

Pound up despite profit taking

Trading in yesterday's foreign exchange market centred on sterling. At times conditions were hectic as dealers were quoting defensively wide spreads, but sterling's initial sharp improvement was severely reduced during the afternoon by profit taking. After opening at $2.2350, the pound rose on very good demand to a high of $2.2550 by mid-morning. The Bank of England was in the market from time to time, but this was generally regarded as a token effort. By noon sterling had fallen back to $2.2450 but rose briefly to $2.2475 on an unchanged MLR before coming back on news of the special deposits release to $2.24.

With New York entering the market and sterling on a downward tack, the trend continued, and sterling was down to $2.23 by mid-afternoon. In later trading, conditions started to thin out and with the Fed. intervening, the pound reached a low for the day of $2.2260, before coming back to close at $2.2295-2.2305, a rise of just 45 points.

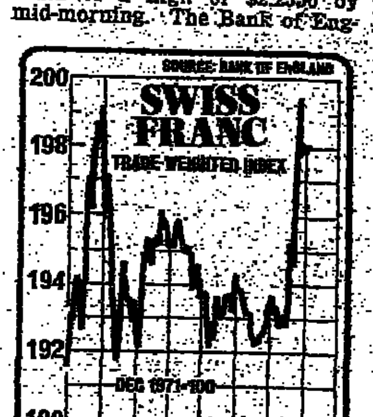
Sterling's appreciation against European currencies was also reversed during the afternoon. Against the D-mark it was as high as DM 4.1150 before closing at DM 4.0875, compared with Wednesday's close of DM 4.0850. Its trade weighted index on Bank of England figures rose to 71.2 from 70.9, after standing at 71.4 at noon and in the morning.

The dollar was generally weak during the morning but improved in the afternoon as sterling fell back, and the Federal authorities started to intervene. Against the D-mark it closed at DM 1.8320 from DM 1.8340, having been as low as DM 1.8200 at one point. On Bank of England figures, its trade weighted index fell slightly to 84.5 from 84.6.

FRANKFURT — The dollar fell further at yesterday's fixing to its lowest level this year of DM 1.8260, and the Bundesbank bought $30m at the fixing in support. The Bundesbank was also active outside the fixing, although the U.S. unit dipped to DM 1.8230 after an opening level of DM 1.8292. Sterling was cited as one of the factors behind the dollar's decline, with funds being attracted into the pound.

MILAN — The dollar continued to ease against the lira and was fixed at L821.85 compared with L825.45 on Wednesday. Sterling was higher while EMS currencies remained steady. The pound was fixed at L1,843.40 against L1,838.70.

TOKYO — The dollar continued to weaken against the Japanese yen, and closed sharply down at Y216.10 compared with Wednesday's close of Y217.575.



THE POUND SPOT AND FORWARD

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2260-2.2550	2.2295-2.2305	0.76-0.66c pm	3.82	1.70-1.60 pm	2.96
Canada	2.5920-2.6260	2.5965-2.5975	0.80-0.70c pm	3.46	1.85-1.75 pm	2.77
Nethlnd.	4.48½-4.54½	4.49-4.50	2½-1½c pm	5.00	4⅞-3⅞ pm	3.89
Belgium	65.20-65.95	65.25-65.35	17-7c pm	2.20	35-25 pm	1.84
Denmark	11.70-11.85	11.70-11.71	¼ore pm-1¾ dis	−0.76	1½-3½ dis	−0.85
Ireland	1.0810-1.0885	1.0828-1.0838	32-42p dis	−4.09	82-92 dis	−3.21
W. Ger.	4.07-4.11½	4.08¾-4.09¾	3½-2½pf pm	8.81	7⅝-6⅞ pm	7.22
Portugal	108.30-109.85	108.35-108.75	30-90c dis	−6.63	120-220 dis	−6.26
Spain	147.15-148.70	147.20-147.30	45-95c dis	−5.70	125-225 dis	−4.75
Italy	1,832-1,847	1,832½-1,833½	1½ lire pm-⅝ dis	−0.16	2½-4½ dis	−0.76
Norway	11.24½-11.34½	11.25-11.26	5½-3½ore pm	4.80	14-12 pm	4.62
France	9.47-9.57	9.48¼-9.49¼	3¼-2¼c pm	3.47	6¼-5¼ pm	2.42
Sweden	9.42-9.52	9.42-9.43	4-2ore pm	3.81	8-6 pm	2.97
Japan	480-490	483½-484½	4.05-3.80y pm	9.73	9.80-9.55 pm	8.00
Austria	29.90-30.20	29.95-30.00	22-12gro pm	6.80	53-43 pm	6.40
Switz.	3.66½-3.71½	3.67½-3.68½	4⅞-3⅞pm	14.27	12½-11½ pm	12.91

Belgian rate is for convertible francs. Financial franc 68.65-68.75c pm. Six-month forward dollar 2.62-2.52c pm; 12-month 4.30-4.20c pm.

THE DOLLAR SPOT AND FORWARD

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2260-2.2550	2.2295-2.2305	0.76-0.66c pm	3.82	1.70-1.60 pm	2.96
Ireland†	2.0570-2.0680	2.0570-2.0620	1.50-1.30c pm	8.16	3.55-3.25 pm	6.60
Canada†	85.90-86.01	85.93-85.96	0.04-0.02c pm	0.42	0.07-0.04 pm	0.26
Nethlnd.	2.0095-2.0155	2.0095-2.0115	0.30-0.20c pm	1.49	0.53-0.43 pm	0.96
Belgium	29.24½-29.32	29.30-29.32	2-4c dis	−1.23	5-8 dis	−0.89
Denmark	5.2475-5.2680	5.2475-5.2500	1.75-2.25ore dis	−4.57	4.75-5.25dis	−3.81
W. Ger.	1.8241-1.8310	1.8300-1.8310	0.78-0.68pf pm	4.79	1.94-1.84 pm	4.13
Portugal	48.60-48.80	48.70-48.80	35-45c dis	−9.85	90-130 dis	−9.03
Spain	66.04-66.12	66.04-66.07	48-58c dis	−9.63	115-135 dis	−7.57
Italy	820.40-830.00	821.20-821.60	3-4 lire dis	−5.11	9-10 dis	−4.63
Norway	5.0330-5.0460	5.0440-5.0450	0.70-0.20ore pm	1.07	2.40-1.90 pm	1.70
France	4.2420-4.2575	4.2625-4.2675	0.22-0.32c dis	−0.76	1.00-1.20dis	−1.03
Sweden	4.2220-4.2350	4.2340-4.2350	0.10-0.30ore dis	−0.57	0.10-0.30dis	−0.19
Japan	215.65-216.60	216.40-216.60	1.10-1.00y pm	5.82	2.85-2.75 pm	5.17
Austria	13.40-13.44½	13.43½-13.44½	4.50-4.00gro pm	3.79	11.75-10.25pm	3.27
Switz.	1.6430-1.6510	1.6500-1.6510	1.45-1.40c pm	10.36	4.05-4.00 pm	9.75

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

July 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	Unavail.	0.617750
U.S. $	9½	"	1.37653
Canadian $	11¼	"	1.59980
Austria Sch.	3¾	"	18.5765
Belgian F.	9	"	40.5285
Danish K.	8	"	7.27290
D mark	4	"	2.52772
Guilder	7	"	2.78748
French Fr.	9½	"	5.87641
Lira	10½	"	1136.33
Yen	4¼	"	298.294
Nrwgn. K.	7	"	6.97351
Spanish Pes.	8	"	91.0084
Swedish Kr.	6½	"	5.83746
Swiss Fr.	1	"	2.27156

CURRENCY MOVEMENTS

July 5	Bank of England Index	Morgan Guaranty changes %
Sterling	71.2	−34.1
U.S. dollar	84.5	−8.9
Canadian dollar	80.9	−16.8
Austrian schilling	147.5	+19.2
Belgian franc	114.0	+13.7
Danish kroner	114.3	+2.9
Deutsche Mark	182.0	+42.4
Swiss franc	198.1	+81.9
Guilder	123.2	+18.3
French franc	99.2	−7.3
Lira	55.1	−48.8
Yen	131.9	+30.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 5	£	$		£ Note Rates
Argentina Peso	2945-2965	1320-1330	Austria	29.5-30.5
Australia Dollar	1.9830-1.9870	0.8890-0.8910	Belgium	68.5-69.5
Brazil Cruzeiro	58.48-56.48	24.90-25.30	Denmark	11.70-11.85
Finland Markka	8.59-8.61	3.8425-3.8445	France	9.40-9.55
Greek Drachma	79.955-81.875	n/a	Germany	4.04-4.14
Hong Kong Dollar	11.42-11.44	5.1100-5.1140	Italy	1,800-1,835
Iran Rial	161.10-167.81	72.0-75.0	Japan	480-490
Kuwait Dinar (KD)	0.614-0.624	0.2750-0.2800	Netherlands	4.44-4.50
Luxembourg Frc.	65.25-65.35	29.26-29.28	Norway	11.20-11.30
Malaysia Dollar	4.815-4.825	2.1630-2.1640	Portugal	102-106
New Zealand Dlr.	2.1910-2.1970	0.9825-0.9850	Spain	144-148
Saudi Arab. Riyal	7.52-7.62	3.3720-3.4170	Switzerland	3.60-3.70
Singapore Dollar	4.815-4.825	2.1590-2.1635	United States	2.20½-2.25½
Sth. African Rand	1.895-1.905	0.8495-0.8540	Yugoslavia	41-44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5017	+2.64	+1.42	±1.53
Danish Krone	7.08592	7.28174	+2.76	+1.54	±1.635
German D-Mark	2.51064	2.52717	+0.66	−0.57	±1.1325
French Franc	5.79831	5.87683	+1.35	+0.13	±1.35
Dutch Guilder	2.72077	2.78769	+2.46	+1.23	±1.5075
Irish Punt	0.662638	0.689629	+1.06	−0.17	±1.665
Italian Lira	1148.15	1136.86	−1.06	−1.06	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.40-10.50 per cent; six months 10.40-10.50 per cent; one year 10.00-10.10 per cent.

July 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10-10½	10-13	—	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10-10½	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollar: two years 9¾-10⅛ per cent; three years 9¾-10 per cent; four years 9¾-9⅞ per cent; five years 9¾-9⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

July 5	PoundSterling	U.S. Dollar	Deutschemark	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.230	4.088	483.8	9.493	3.680	4.495	1833.	2.597	65.30
U.S. Dollar	0.448	1.	1.833	216.9	4.257	1.650	2.016	822.1	1.165	29.28
Deutschemark	0.245	0.546	1.	118.3	2.322	0.900	1.100	448.5	0.635	15.98
Japanese Yen 1,000	2.067	4.610	8.450	1000.	19.62	7.607	9.292	3790.	5.368	135.0
French Franc 10	1.053	2.349	4.306	509.6	10.	3.877	4.735	1931.	2.736	68.79
Swiss Franc	0.272	0.606	1.111	131.5	2.579	1.	1.221	498.2	0.706	17.74
Dutch Guilder	0.223	0.496	0.909	107.6	2.112	0.819	1.	407.8	0.578	14.53
Italian Lira 1,000	0.546	1.216	2.230	263.9	5.178	2.007	2.452	1000.	1.417	35.62
Canadian Dollar	0.385	0.859	1.574	186.3	3.655	1.417	1.731	705.9	1.	25.14
Belgian Franc 100	1.531	3.415	6.260	740.8	14.54	5.636	6.884	2807.	3.977	100.

INTERNATIONAL MONEY MARKET

Swedish and French rates up

The National Bank of Sweden yesterday announced a rise in its discount rate from 6½ per cent to 7 per cent, its first move for nearly a year. The decision to increase the rate came in the light of a general rise in interest rates in Europe and the rise is intended to bring back Swedish interest rates more into line. At the same time the rate on long term Government bonds was increased by ½ per cent to 10½.

Yesterday's announcement also included measures aimed at tightening conditions under which banks borrow from the Central Bank. Banks will now only be able to borrow up to the equivalent of 50 per cent of their own capital at 7 per cent, the next 25 per cent at 10 per cent, and any residue at 9 per cent, compared with the previous arrangement which allowed a limit of up to 75 per cent before a penal charge of 2 per cent over bank rate was introduced.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 11⅛-11⅜ per cent from 11⅛-11⅜ per cent for one-month and 11⅜-11⅝ per cent against 11⅞-11⅞ per cent for three-month. The six-month rate was unchanged at 10⅞-11 per cent with 12-month deposits easing to 10⅛-10⅝ per cent from 10⅞-10⅞ per cent.

FRANKFURT—Interbank money rates showed little overall change yesterday, with call money at 5.55-5.60 per cent, compared with 5.55-5.65 per cent previously, and one-month money unchanged at 6.10-6.20 per cent. The three-month rate was quoted at 6.80-6.85 per cent from 6.80-6.90 per cent while six-month money remained at 7.25-7.35 per cent. 12-month money eased slightly to 7.30-7.40 per cent from 7.40-7.50 per cent on Wednesday.

Following an announcement of its intentions earlier this week, the Bank of France yesterday bought between FFr2bn and FFr3bn of first category paper at 8⅝ per cent, a rate which reflects the continued rise in interest rates.

In the interbank market call money remained at 8⅝ per cent with one-month rising to 9-9⅛ per cent from 8⅞-9 per cent and three-month to 9⅛-9⅜ per cent from 9⅛-9¼ per cent. The six-month rate was also firmer at 10-10⅛ per cent from 9⅞-9⅞ per cent and 12-month money rose to 10⅛-10¼ per cent from 10⅛-10¼ per cent.

AMSTERDAM — The Dutch authorities announced a further increase in the official discount rate to 7½ per cent from 7 per cent. This is the second rise in five weeks and reflects the authorities desire to see Dutch rates keeping in line with other European rates.

UK MONEY MARKET

Special deposits cut

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

The rate of call on special deposits was cut temporarily to 1 per cent from 2 per cent yesterday, with effect from July 11. The rate will then revert to 1 per cent on August 3 and to 2 per cent on August 13. According to the Bank of England, this move became desirable in order to ease the tight liquidity situation in the money market, and the resulting upward pressure on short term interest rates.

For the time being credit remained in short supply, although yesterday's shortage was not as great as expected. However, the authorities gave assistance by lending a small amount to three or four houses at MLR for repayment today. In addition they bought a small number of Treasury Bills, all direct from the discount houses.

The market was faced with the repayment of Wednesday's large lending and a small net take up in Treasury bills to finance. There was also a small excess of revenue transfers to the Exchequer over Government disbursements. On the other hand banks brought forward balances some way above target and there was a small decrease in the note circulation. Discount houses were paying 13¼-13¾ per cent for secured call loans at the start, with most money taken nearer to 14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 5 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	13½-14⅝	—	—	—	14-14½	13½-14	—	—	—
2 days notice	—	—	14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14½-14¾	14⅝-14¾	—	14¾	14⅞	14	—	—	—
One month	14¼-13⅞	14⅞-14⅜	14¼-14½	14⅞-14⅝	14¾	14½	13⅞	13¼-13⅝	14⅛-14½	14½
Two months	14-13⅞	13⅞-14	—	14⅝-14⅛	14½	14¼	13⅞	13⅝	13⅞-13⅝	14⅜
Three months	13⅝-13⅝	13⅜-13⅝	13⅞	13⅞-13⅝	14⅛	—	13⅝	13⅝-13⅝	13⅝-13⅝	14⅛
Six months	13⅞-12⅞	12⅞-13⅛	13⅛-13⅜	12⅛-12¼	13¼	—	—	—	12⅞	14⅛
Nine months	12⅝-12⅛	12½-12⅝	—	12⅝-12⅜	13	—	—	—	—	—
One year	12¼-12	12¼-12⅜	12⅜	12⅜-12⅛	12¾	—	—	—	—	—
Two years	—	—	12⅝-12½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12⅝ per cent; four years 12⅝ per cent; five years 12⅝ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13¾-13⅝ per cent; four-months trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅝-13⅞ per cent; two-months 13⅞-13¾ per cent; three months 13⅞-13½ per cent. Approximate selling rates for one-month bank bills 13⅞-13⅞ per cent; two-month 13⅞-13⅞ per cent; and three-month 13⅞-13½ per cent; one-month trade bills 14⅛ per cent; two-month 14¼ per cent; and three-month 14 per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3295 per cent.

GOLD

Further record

Gold continued to rise in very active trading yesterday and finished at a record closing level of $287½-288½, a rise of $4¼ an ounce. Further unrest on the foreign exchange prompted a strong demand and at one point the metal touched an all time high of $288-288¾, after an opening level of $284½-285¼. The Krugerrand's premium over its gold content narrowed to 3.00 per cent from 3.13 per cent on Wednesday.

In Paris the 12½ kilo bar was fixed at Fr 41,300 per kilo ($302.53 per ounce) compared with Fr 41,375 ($303.06) in the morning, and Fr 40,900 ($297.88) on Wednesday afternoon.

	July 5	July 4
Gold Bullion (fine ounce)		
Close	$287½-288¼ (£128.9-129.2)	$283¼-284 (£127.2-127.5)
Opening	$284½-285¼ (£127.0-127.4)	$282½-283¼ (£127.6-127.8)
Morning fixing	$286.75 (£127.473)	$283.30 (£127.481)
Afternoon fixing	$288.25 (£129.000)	$283.50 (£127.273)
Gold Coins, domestically		
Krugerrand	$295½-297½ (£132½-133½)	$291½-293½ (£131-132)
New Sovereigns	$74¼-76¼ (£33¼-34¼)	$73½-75½ (£33-34)
Old Sovereigns	$91-93 (£40¾-41¾)	$90¼-92¼ (£40½-41½)
Gold Coins, internationally		
Krugerrand	$295½-297½ (£132½-133½)	$291½-293½ (£131-132)
New Sovereigns	$74¼-76¼ (£33¼-34¼)	$73½-75½ (£33-34)
Old Sovereigns	$91-93 (£40¾-41¾)	$90¼-92¼ (£40½-41½)
$20 Eagles	$423-428	$403-408
$10 Eagles	$227-232	$224-229
$5 Eagles	$162-167	$160-165

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.4375
Treasury Bills (13-week)	9.11
Treasury Bills (26-week)	8.96

GERMANY

Discount Rate	4
Overnight Rate	5.575
One month	6.15
Three months	6.825
Six months	7.30

FRANCE

Discount Rate	9.5
Overnight Rate	8.625
One month	9.0625
Three months	9.5625
Six months	10.0625

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.5625
Bills Discount (three-mth.)	5.25

THE PROPERTY MARKET BY MICHAEL CASSELL

Slough ploughs on confidently

NO AMOUNT of pessimism over prospects for company liquidity and profitability or industry's ability to maintain investment and employment in the tough times ahead can apparently shake the City's confidence in industrial property specialist Slough Estates.

Slough the largest investor and developer of industrial estates in the UK and an acknowledged leader among the industrial property companies, this week found itself on the receiving end of unqualified flattery from broker Rowe and Pitman, Hurst-Brown.

The firm's review of Slough, which earlier this year had a successful near-£25m rights issue and which is in the process of revaluing its entire property portfolio, forecasts substantial earnings and dividend growth over the next few years. The review says Slough has an income and portfolio of "unusually high quality."

Industrial properties account for about 90 per cent of the portfolio's values. It consists almost exclusively of freehold properties, 65 per cent of which are in the UK. With 70 per cent of all leases in this country geared to the wholesale prices' index, the group's income provides an unusually good hedge against inflation.

Last year's pre-tax profits of £8.22m are confidently expected by Rowe and Pitman to rise by about 30 per cent to £10.65m in 1979. The rise should continue each year to reach about £16.7m by 1984.

Forecasts of the company's prospects beyond 1984 rightly attract an element of caution, but Slough is not too perturbed about the gathering storm clouds and remains confident about the mid-term future.

Mr. Wallace Mackenzie, Slough's managing director, does not discount predictions of worldwide economic hardship, but says that in good times and bad, his company has managed to outperform most others in terms of rents and levels of occupancy.

"We clearly depend on a certain level of company prosperity, but it is worth emphasising that more than half of our total UK space is arguably in the best industrial locations in the country, least likely to be hit by recession. With that factor above all in our favour, I am confident we will, come what may, do relatively well."

Slough has no empty space, but about 500,000 sq ft of new industrial building is under construction. A further 100,000 sq ft is being refurbished. The total will be higher by the end of the year.

The £40m recently allocated for investment and development in the UK over the next three to five years—£7m of it for the Slough industrial estate power station—will go largely into industrial space. There will apparently be one or two commercial ventures, in spite of some less than successful office projects in the past.

Rowe and Pitman is in no doubt that the successful pattern established by Slough will continue, with industrial property investment and development remaining the company's major activity. Profit growth, at least in the next three years, will come from reversions, index-linking and new developments. A sharp slow-down may then be expected if rents remain at present levels and no new projects are started.

But Slough, along with nearly everyone else, sees the removal of inflation as unlikely as a 25-storey extension to the NatWest Tower. It has built into its profits' forecast an annual 7½ per cent inflation rate — the minimum it anticipates during the next five years. Net earnings per share are expected to grow over the 1978-84 period in real terms at a compound rate of nearly 9 per cent per annum, but after allowing for inflation, a "realistic" 14½ per cent annual growth rate is forecast.

In March, Slough's total debt amounted to £86.6m. Since then, in the wake of its rights issue, it has repaid about £11.75m in bank loans and overdrafts and been left with about £12.5m cash to help fund capital commitments and new acquisitions. Debt now approximates less than 30 per cent of total assets.

A major point of interest is the current revaluation exercise now going. The results may be out in time for the next preliminary figures. Slough's portfolio, in seven operating countries, had a book value of £203m at the end of December, 1978, but the bulk of its properties have not been revalued since 1976. Those in Canada, which account for about 11½ per cent of the portfolio, have not had a market value put on them since 1974.

Rowe and Pitman estimates that in view of the sharp increase in industrial rents since the last main valuation, the December, 1978, fully diluted asset value of 79p a share is currently around 130p, a figure with which Mr. Mackenzie is not prepared to argue. By 1984, the broker says, the figure should be more than 175p a share.

The message seems to be: a relatively narrow base is of little consequence as long as the foundations are rock solid and capable of withstanding the harshest storm. The theory has in the past seen Slough through and could be put to the test again.

IN BRIEF

● JONES LANG WOOTTON is seeking an annual rent of more than £600,000 exclusive for the 32,500 sq ft of space in the new Wates Developments, banking building in Milk Street, London, EC2. Moore Court, which was topped out this week, also includes a self-contained restaurant on three floors.

● Trustee clients of Nicholas Stracey have bought the freehold on the reversionary shop investment at 80 Kensington High Street for a figure believed to be over £700,000. The rent passing was £5,000 a year with a substantial reversion due next year.

● Legal and General Assurance (Pensions Management) has bought Minster House, an 18,500 sq. ft. office investment in Reading, for £1.15m. The building is let to Berkshire County Council and the Post Office. Hillier Parker May and Rowden and Gibson Ely acted for Legal and General, and Leslie Lintott for the vendor, a private family trust.

● The Musicians' Union has acquired the freehold of Oval House, Clapham Road, London, SW9 for about £500,000 from Property Growth Assurance. The existing tenancy by architects Norman and Dawbarn has been surrendered, and the union will occupy the 7,350 sq. ft. of office space this summer. Leslie Lintott represented the union, and Pepper Angliss acted for Property Growth.

Fleming Trust 'undervalued'

BOUQUETS THIS week for the Fleming Property Unit Trust and brickbats for its valuer, Allsops—both from stockbroker McAnally Montgomery.

The fund, the second largest of the exempt trusts, was first established in 1970 to take subscriptions from pension funds and charities. In March this year it had a net value of £119m and its property holdings were valued at £108m (including about £9m of capital commitments), against nearly £80m a year before.

But McAnally's property analyst, Mr. Chris Turner, says the fund's capital growth during the past two years, as measured by the unit offer price, has been disappointing when measured against its rivals.

He calculates that Fleming has shown a 27 per cent growth during the past two years, a figure lagging behind the other five major exempt property funds. Turner says the puzzle is that the yield offered by the units is the highest in the range —slightly more than 6 per cent in March, 1979—suggesting that the fund has had a lot of secondary properties on its books. But this is not the case. The overall quality of the portfolio is very high and the shop content, in particular, is of exceptional standard and value.

The answer, he says, lies in "cautious valuation" by Allsops. He has considered a detailed breakdown of the March, 1979, portfolio valuation, and says the valuer has given relatively little weight to the reversionary potential of some of the investment.

Fleming's property investment manager, Mr. John Newman, agrees with the valuation diagnosis. "I think we are under-valued overall, although it could be that some of our individual investments are over-valued. I am quite sure we could sell some of our properties for considerably more than the valuation, and nine out of 10 times we do raise more than the price tag put on them.

The only significance of valuation in this context is the price at which new unit holders are let in, possibly in this case at the expense of existing investors.

No office-building boom as curbs end

THE END of office development permits 15 years after their controversial introduction is not likely to lead to a rush of new office building in London and the South-East, although it will be welcomed by a development industry fighting for fewer controls.

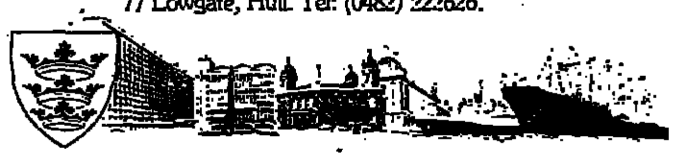
Their ending will be seen as another bonus in a Conservative package which has already included the beginning of the end for the Community Land Act and a lower rate of development land tax.

In spite of a recent flurry in the level of permits granted—a reflection of the recovery in new office development and a relaxation in the Department of the Environment's attitude towards them—space covered by office development permits has fallen significantly since the peak years.

In 1971, the Department of the Environment granted permits for almost 29m sq ft of new space and by 1977 the figure was running at just over 14m sq ft. Last year, the total rose to about 17m sq ft.

The permits were brought in during 1974 in an attempt to curb development in the London and Birmingham regions and to encourage construction in other areas. By 1966 they had been extended to include the entire South-East, the Midlands and East Anglia.

Since 1970, permits have been required only in the South-East, although the exemption limit for planning applications has been raised from 3,000 sq ft in the very early days to 10,000 sq ft, then to 15,000 sq ft and finally to 30,000 sq ft in June 1977.



هكذا من الأصل

No decided trend on Wall St. at mid-session

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—23⅞% (24¼%)
Effective $2.2300 51⅝% (61⅝%)

MIXED MOVEMENTS were recorded on the Wall Street stock market at mid-session yesterday, following a fair business, when much of the interest centred on speculative issues.

The Dow Jones Industrial Average was a modest 1.02 easier

Closing prices and market reports were not available for this edition.

at $34.56 at 1 pm, while the NYSE All Common Index contrasted with a minor gain of 5 cents at $57.99 and rises exceeded declining issues by a narrow margin. Trading volume came to 20.97m shares, against Tuesday's 1 pm level of 19.54m.

Analysts cited a holiday-type atmosphere for the narrow range of trading, noting that U.S. stock markets were closed for Independence Day on Wednesday and that it is probable a number of traders were extending the holiday to the week-end.

A weak feature was Seaboard World Airline's, which fell 4½ to $12¼. Flexi-Van has decided to abandon its plans to acquire *Seaboard.*

Studebaker-Worthington, on the other hand, advanced $5 to $32¾ before trading was halted for an announcement that a large U.S. industrial concern has expressed interest in acquiring the company. The stock had not resumed trading by mid-session.

...CIT Financial gained $2 to $51½. RCA, up ⅛ at $24⅞, is discussing a possible merger with CIT.

Retailing stocks moved irregularly as retailers reported mixed June but J. C. Penney held steady at $28⅞ after reporting unchanged sales for the month.

Ford lost ⅛ to $41⅞ on stating that late June sales were down 34.8 per cent.

Pittsburgh Forgings added $2 at $37. The company and Ampco-Pittsburgh management have agreed to a tender offer for all Pittsburgh Forgings shares at $38 each.

Warner Communications put on ⅞ to $33⅞. A subsidiary is to form a joint venture film production and marketing company with three Twentieth Century-Fox executives who are leaving Fox, including Alan Ladd Junior.

Amstar rose $1 to $18⅞ and Holly Sugar $1⅛ to $18.

THE AMERICAN SE Market Value Index reacted 0.81 to 198.50 at 1 pm, however, on volume of 2.01m shares (2.05m).

The most active Amex issue, Resorts International "A," rose $1 to $46⅞. Pennsylvania Engineering gained $⅞ to $4⅞, but Great Basins Petroleum were off $⅛ at $12.

Canada

Most sectors continued to lose ground in active dealings yesterday morning, with the Toronto Composite Index receding 8.8 further to 1,582.8 at noon.

Oils and Gas retreated 30.2 to 2,780.7 and Metals and Minerals 8.5 to 1,339.9, but the Gold share index, on the record London gold price, climbed 35.0 more to 1,898.3.

In Montreal, Utilities declined 1.35 to 233.74, but Banks put on 0.20 to 305.82 and Papers edged up 0.03 to 171.99.

A widespread reaction in the recently strong Oils sector continued as Gulf Oil Canada lost 1⅛ to C$59, Imperial Oil "A" ⅞ to C$36⅜ and Shell Canada ⅞ to C$24⅞.

Among lower Real Estates, Daon Development fell C$1 to C$17⅛ and Cadillac Fairview ⅛ to C$17⅞, but in Golds, Dome Mines gained ⅞ to C$45⅞ and Campbell Red Lake ⅞ to C$22⅞.

Tokyo

Market closed with a majority of losses on balance after late selling more than erased an early improvement. The Nikkei-Dow Jones Average was a net 17.61 down at 6,292.42, while the Tokyo SE index finished 1.03 off at 448.38. There was again a fair turnover, volume reaching 330m shares (320m).

Oils: Trading Houses and large-capital issues retreated in the afternoon as buying subsided. Teikoku Oil gave up Y18 at Y838, Nippon Oil Y20 at Y1,470 and Marubeni Y12 at Y345.

Export-orientated Electricals and Vehicles generally ended lower on sporadic liquidations. Sony shed Y20 to Y2,020, TDK Electronics Y30 to Y1,740, Honda Motors Y9 to Y545, Toyota Motor Y3 to Y883 and Toyo Kogyo Y15 to Y505.

Some large-asset shares, including Real Estates and Insurances, rose on a Press report that the Bank of Japan may raise its official discount rate this year, although the Central Bank ruled out a rise.

Paris

Shares remained mostly in easier mood in fairly busy trading.

Brokers said investors were worried over the international energy supply situation and the absence of any positive factors on the horizon. Also, the sharp rise in the price of gold had drained some capital from the marketplace.

As on Wednesday, Oil issues, in contrast to the overall trend, remained in demand in view of rising oil prices and reports of an oil strike in the North Sea. Primagaz closed 10 per cent higher after being temporarily suspended because of a lack of selling orders. Elf Aquitaine moved ahead FFr 31 more to FFr 910.

Also gaining ground against the general downtrend were Rue Imperiale, Alsacienne de Supermarche, UIS, Fraissinet and Majorette.

Particularly weak spots included Bouygues, BIC, Cofimeg, Docks de France, Poclain, Club Mediterranee, Presses de la Cite, Pierrefitte-Auby, Europe 1, LMT, Maisons Phenix and Thomson Brandt.

Credit Industriel et Commercial eased 50 centimes to FFr 115 after announcing slightly lower 1978 net consolidated profits.

Germany

Bourse prices were fairly well maintained in moderate trading in a market dealers described as basically stable, although subject to limited, patternless movements.

Traders said the interest shown by foreign buyers for the past few days continued to help a market that some observers feel may weaken shortly as suspicion mounts that the Bundesbank may apply further credit brakes at its Central Bank Council meeting to be held on July 12.

Chemicals and Electricals were broadly but mainly only fractionally higher, while Engineerings improved, but all other major categories were mixed.

Companies scoring exceptional gains included Brown Boveri, up DM9.20 and Preussag, DM3.50 higher in heavy trading after declaring its first dividend in two years.

In Engineerings, Linde put on DM2 and MAN DM1.80. Metallgeselschaft advanced DM5.50, while BMW gained DM2 in Motors and Stores were noteworthy for rises of DM4 apiece in Kaufhof and Neckermann.

The Domestic Bond market was little changed, with Public Authority paper registering gains and losses limited to 10 pfennigs.

The Bundesbank sold DM30m nominal of stock, however, in open market operations after DM17.6m sales on Wednesday. Mark Foreign Loans showed a slightly firmer tone, registering gains extending to 15 pfennigs.

Australia

Stock prices were mixed but with a bias to higher levels following fairly quiet trading.

Uraniums particularly strong of late, had Pancontinental 50 cents higher at A$14.00 and Kathleen Investments 10 cents firmer at A$3.95, but Queensland Mines reacted 5 cents to A$3.70 and Peko-Wallsend 4 cents to A$5.46.

Coal and Allied showed fresh buoyancy in Coals, advancing 40 cents to A$7.20, while Howard Smith were 4 cents firmer at A$5.60, but Thiess reliquished 5 cents and Utah 10 cents to the Common price of A;3.90.

Elsewhere in Minings, MIM rose 8 cents to A$3.18, Otter Exploration 7 cents to 48 cents and Western Mining 4 cents to A$2.34 but in contrast, Metals Exploration, 70 cents, and Hamersley, A$2.50, shed 5 cents apiece.

Oils were firmer for choice, but Australian Oil and Gas receded 7 cents to 75 cents.

Overall market leader BHP declined 12 cents to A$9.24 on renewed profit-taking. Boral, in the Industrials section, slipped 8 cents to A$2.25, but CSR picked up 3 cents to A$3.38. Elder Smith, still responding to the proposed one-for-four scrip issue, moved ahead 10 cents more to A$2.70.

Hong Kong

Another quiet day left prices closing on a mixed note again, but Properties mainly gained ground on revived buying interest.

Hutchison Properties rose 60 cents to HK$12.00, Sun Hung Kai Properties 15 cents to HK$9.90 and Swire Properties 5 cents to HK$3.225.

Johannesburg

Gold shares improved in a fairly active business on record Bullion prices.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax
♥ Pts 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
ф SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK

CANADA

BASE LENDING RATES

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 3507

C=Call P=Put

GERMANY ◆

TOKYO ¶

Source Nikko Securities, Tokyo

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND ф

COPENHAGEN ♣

PARIS

MILAN

VIENNA

SPAIN ♥

BRAZIL

Financial Rand U.S.$0.832 (Discount of 24.3%)

COMMODITIES AND AGRICULTURE

UK faces court action over fishing order

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

BRUSSELS — The British Government faces the possibility of EEC court action as a result of its decision to order an increase in the minimum mesh size of nets used for catching white fish in the North Sea from July 1.

The European Commission announced yesterday it was opening formal proceedings against the UK on the grounds that the measure, which increases the minimum permissible mesh size to 80 millimetres from 70 millimetres, violates community rules.

The eight other EEC Governments agreed at the last fisheries council in Luxembourg on June 25 that similar conservation action should be taken from September 1. But Britain insisted that it should take effect from the start of July because of the urgent need to conserve white fish stocks.

Mr. Peter Walker, Britain's Minister of Agriculture, argued at the time that there was little practical purpose in the Commission challenging the decision because it was unlikely that the issue could be resolved either way before the start of September, when the measure would become part of a community regime.

But the Commission has decided to act nonetheless, mainly because it is anxious to put to the test its own contention that since the beginning of the year EEC Governments have been obliged to obtain its explicit approval before introducing any new unilateral fisheries measures.

Hitherto, Governments' freedom of manoeuvre in this respect has been governed by the so-called Hague Agreement reached in late 1976, which merely required them to seek Commission approval before acting but did not give the Commission any effective right of veto.

The commission has been encouraged to open proceedings against Britain by a European Court ruling, handed down two days ago in a case involving the Dutch Government, which stated that up to the end of last year governments had the right to introduce unilateral fisheries measures under Article 102 of the EEC accession treaties, which provides for a transition period for fisheries policy extending six years after the entry into the community of Britain, Denmark and Ireland.

The Court did not, however, make clear whether governments continued to enjoy a legal right to introduce national measures after the end of last year. The commission is hoping that by acting against Britain, it will force the Court to rule definitely on this point.

Tin cost rise claimed

By Our Commodities Staff

THE AVERAGE production cost for tin in all producing countries has risen to 1,443 Malaysian ringgits a picul (£5,012 a tonne at the present exchange rate), an official of the Malaysian primary industries ministry claimed yesterday.

He said this was well above the current International Tin Agreement buffer stock "floor" price of 1,350 ringgits a picul.

The official was speaking in Kuala Lumpur as Mr. Paul Leong, Malaysian Primary Industries Minister, began talks with the Indonesian Mines Minister on the need for a review of the agreement's price range.

This will be discussed by the full International Tin Council when it meets in London later this month.

In June the Penang market price for tin averaged 1,984 ringgits a picul, well above the agreement's 1,700 ringgit "ceiling."

On the London Metal Exchange meanwhile the continuing technical "squeeze" on short-term supplies of tin pushed the premium on cash metal to more than £1,000 a tonne at one stage as the cash price rose by £200 and the three months price fell £50.

This eased in the afternoon with cash tin closing £60 higher on balance at £7,870 a tonne and three months down £37.5 at £6,957.5 a tonne.

ROYAL SHOW

An exercise in overkill

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE CEREAL demonstration plots at the Royal Show are meant to be practical examples of modern husbandry. Some of the wheat was full of mildew, a condition which would certainly reduce eventual yields. "They obviously haven't sprayed them," said a friend of mine at the show this week. "It's downright antisocial," he continued, "for a farmer to fail to give his crops a preventive fungicide. Only if the whole country is treated can such a problem be overcome."

I was filled with guilt. I hadn't sprayed mine either. The previous Friday I had examined my crops with care, and seeing no evidence of disease had left them alone as nature intended. So I drove home from the Show in a state of nervous apprehension, which was set at rest only by a close examination the following morning. They were still without mildew and also without signs of the other diseases which science seems to discover at an increasing rate.

There are a number of fungus diseases that have always been with us to greater or less degree, and for which there are remedies. But it is a matter of fine judgment as to when the law of diminishing returns begins to operate. There appear to be plenty of remedies, indeed some sceptics believe that the chemists produce cures even before the diseases can be identified with any certainty.

Farmers' apprehension in these matters is increased by the barrage of propaganda in the farming press and on the radio about the spread of diseases. I am an early waker and habitually listen to the BBC's early morning farming programme. The prices of all produce as reported can be depressing enough, and then there are warnings of doom on almost every subject, designed to awaken farmers' consciousness.

The only way to allay these fears is by spending money on drugs, chemicals and so on. I have nothing against the use of chemicals on the farm. However, I would like some advice on when such spending costs more than the benefits—something the chemical firms are naturally rather reticent about. The propaganda is insistent and continuous; you need a sceptical, even obstinate mind to stand out against it.

My own policy is probably a token of my age. I use all these chemicals and have a supply and a tractor standing by to apply them. But I don't give the word "go" until the disease is apparent. There are many factors which cause symptoms of disease—in the main showing up in discoloration of leaves. It takes careful examination to decide which are dangerous, and which are the result of wind, frost and other natural causes.

I expressed these thoughts to my expert friend at the Show. Then, unable to withstand his pitying look, retreated through the serried rows of stalls all designed to part me from my money, and took tea in one of the credit institutions in "Bankers' Row." Here again is a change from the days of my youth when borrowing money from a bank was like getting blood out of a stone. They try to sell money now.

Why, I asked, did farmers want to borrow at current interest rates, and why in the face of the cries of "ruin" and "no confidence" from the National Farmers Union, did they seek to oblige them? The reason, I was told, was simple. Farmers owning land were possessed of great assets, and unless those assets were used as collateral for loans to expand their businesses they were being wasted. Was it not the case, I asked, that the high cost of the money today made it very difficult to justify borrowing? In any case wasn't it sensible for a farmer to sit on this asset as a reserve, instead of liberating it at great expense and worry?

This is a heretical doctrine to what might be called the dynamic section of farming. The doctrine of investment to increase output, to reinvest to get more output *ad infinitum* regardless of surpluses and other considerations, has reached the highest in the land. Mr. Peter Walker, Minister of Agriculture, reiterated his belief that British farmers should increase production because they were efficient, save on imports and help the balance of payments. Tell that to the Danes, the French and others.

Sir Hector Laing, chairman of United Biscuits, called, as I understood his statement, for the production of what the processors really wanted. Sir Hector must know that there is already a very wide measure of contracting for specialised crops and stock, and a great deal of organised marketing and grading.

The fact that more isn't directed to these channels, instead of to wholesale markets, is because the prices offered by the processors do not seem attractive enough to farmers. There are undoubtedly problems caused by seasonal variations of supply. But if Sir Hector and his friends put their money firmly on the table, they might be surprised by the results.

This is particularly so in grain marketing, where the strength of the ultimate buyers —millers and maltsters—does lead to arbitrary decisions on quality standards which in my view leave much to be desired.

In fact I thought the whole Royal Show a massive overkill. Too much pressure to buy everything from tractors to sprays, to fertilisers, seeds, computer systems, to say nothing of money, coupled with advice from the highest in the land that this is the only way to salvation. It was all too much for my peasant mind, and quite literally I came home without spending a penny.

Plea for aid to Malaysian rubber growers

KUALA LUMPUR — The Malaysian Rubber Producers' Council (MRPC) has asked the Government for wide-ranging tax concessions to encourage rubber growing.

A submission to Razaleigh Hamzah, Finance Minister, said urgent action was needed to meet a looming production crisis in the next decade.

The submission said changes should be made in the duty structure to make it less of a burden for the industry while giving the Government time to adjust to the budgetary consequences of abolition.

It also called for a bonus to be paid to growers who replant with higher-yield trees in the immediate future.

Reuter

Brokers seek liquidation

COMMODITY brokers Eurocommodities, said its board will recommend voluntary liquidation at members' and creditors' meeting on July 25.

A statement said current estimates indicate a net deficiency in the company's assets in excess of £500,000.

Uganda acts to boost coffee production

BY JOHN WORRALL IN NAIROBI

TO STIMULATE Ugandan robusta coffee production after the years of decay under President Amin, the new Government is to double the price paid to farmers to 14.30 Uganda shillings a kilo (about $1.9).

Growers of Arabica coffee are to be paid 15.35 shillings (about $2.06).

This was announced on Radio Uganda by the Minister of Co-operatives and Marketing in the Binaisa Government, Mr. Yoaz Kanyomi, who also said processors would be given a 90 per cent price rise for the 1979-80 buying season, which has just begun.

Mr. Kanyomi is urging the authorities to institute border patrols to stop smuggling into Rwanda and Kenya. He estimated that between 30 and 40 per cent of Uganda's coffee was still being smuggled out of the country instead of going to the processing plants.

In Jakarta meanwhile, the Indonesian evening newspaper Sinar Harapan said Indonesia had stopped all coffee exports until further notice. But there was no immediate official confirmation, reports Reuter.

The paper said Radius Prawiro, Trade Minister, had halted the issuing of export licences until further notice, to ensure sufficient supplies for the domestic market.

The paper also said that world market prices for coffee were not satisfactory at present.

Quoting Mr. Prawiro, it said despite the fact that the volume of coffee exports had risen to 230,000 tonnes in the year ending last March 31 from 188,000 tonnes in 1977-78, revenue from coffee exports had actually dropped to $508m from $625m.

● In San Salvador Sr. Ricardo Falla Caceres, manager of the Salvadorean Coffee Company, said El Salvador had raised its minimum export coffee price from 215 to 218 U.S. cents a pound.

"The increase of the minimum export price for July is not El Salvador's whim but its a world wide market phenomenon," he said. "There was great coffee demand at that price in European markets and in Japan."

Israel cotton acreage cut

TEL-AVIV—the area under cotton in Israel has had to be cut because of a water shortage, and this year's crop is again expected to be 70,000 tonnes instead of the 80,000 tonnes originally planned.

Some 30,000 tonnes of the crop, which is still in the fields, has already been sold to foreign buyers at prices between $1,640 and $1,680 a tonne.

Reuter

Alcan strike

MONTREAL — Alcan Aluminium said yesterday no negotiations were under way to end a two-month strike by about 7,500 workers at three Quebec smelters.

Talks collapsed nearly a month ago after the workers rejected a contract offer and neither side has made a move toward getting back to the table, the company said. Reuter

Copper talks highlight rifts

BY BRIJ KHINDARIA IN GENEVA

THE LATEST two-week session of talks in Geneva on the prospects for an international agreement on copper, which end today, have highlighted differences between the producing and consuming countries, as well as within each group.

The U.S., which says it is keeping an open mind, has indicated that a pure buffer stock agreement might be a good compromise. Under such an accord reserve stocks would be created which would be sold when market prices rose above an agreed ceiling and buying in would start when prices fell.

But other Western countries, led by West Germany, have suggested an incomes stabilisation scheme of the kind used in the Lome convention between the Common Market and its African, Caribbean and Pacific associates.

The German idea involves stabilisation of the incomes of producers of about 25 commodities, including copper, through a system of cash payments when incomes fall below an agreed floor and levies when incomes rise above an agreed ceiling.

France, on the other hand, appears to think that there are enough grounds for a price and market stabilisation agreement. The U.S. might agree to such a deal provided the aim is price stabilisation — keeping prices within an agreed minimum and maximum range—rather than income stabilisation.

The U.S. opposes any agreement which might involve aid or transfer of resources, or production controls by exporting countries.

Developing countries are also still thinking out loud. Some of them, like Peru and Indonesia, insist the copper accord should include a buffer stock system to stabilise prices, plus supplementary measures to raise producers' incomes and increase their exports at better prices.

Others appear ready to soften demands for supplementary measures in order to get a buffer stock scheme under way.

The expert group is to report to a higher-level group due to meet here in September. Delegates said the current meeting was unlikely to make any specific recommendations

Japan whale imports curb confirmed

TOKYO — In accordance with a decision announced last week Japan yesterday banned imports of whale products from non-member nations of the International Whaling Commission.

A spokesman for the Japanese Fisheries Agency said the ban was in line with IWC resolutions and will prohibit importing whale and its prepared goods, including meat, oil and wax-type spermaceti, from countries outside the IWC.

Japan last year imported about 10,500 tonnes of whale meat from five non-member countries: Spain, Somalia, Cyprus, South Korea and Peru. But the last two have since joined the commission. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on the London Metal Exchange. Trading was thin and the market tended to ignore a further rise in sterling. Forward metal moved up from £826 to around £835 before coming off slightly after the Comex opening. The close on the Kerb was £834. Turnover 15,675 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars				
Cash	819-20	+1.25	820-1	[illegible]
3 months	834-5	+1.25	834-5	[illegible]
Settlem't	820	+1.5	—	
Cathodes				
Cash	798.5-9.5	[illegible]	798-800	[illegible]
3 months	818-9	[illegible]	817-9	[illegible]
Settlem't	799	[illegible]	—	
U.S. Smt.	—		*84.82	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at [illegible]. Cathodes: [illegible]. Kerbs: [illegible].

TIN—Steadier after a fall in the East overnight and a lower start. [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7910-30	+100	7860-80	+60
3 months	6940-50	-30	6955-75	-35
Settlem't	7930	+10	—	
Standard				
Cash	7910-30	+120	7860-80	+60
3 months	6940-50	-35	6955-60	-37.5
Settlem't	7930	+10	—	
Straits E.	$1986	+9	—	
New York	—			

Morning: Standard, cash [illegible]. Kerb: Standard, three months [illegible].

LEAD—Traded quietly as forward metal held in a narrow range. [illegible] Turnover 5,175 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	633-4	+6.5	628-30	-1
3 months	595.5-6.5	+2.75	597.5-8	+3.25
S'ment	634	+6.5	—	
U.S. Spot	—		*54.5	

Morning: Cash [illegible]. Kerb: Three months [illegible].

ZINC—Slightly easier, following the same pattern as lead. [illegible] Turnover 3,500 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	336.5-7	-2.25	337.5-8.5	-.5
3 months	348-9	-1	349.5-50	-1
S'ment	337	-2.5	—	
Prim w'st	—		*39.5	

Morning: Cash £337, three months £348, 49, 49.5, 50, 49.5, 49. Kerb: Three months £348. Afternoon: Three months £349, 49.5, 49, 50, 49.5. Kerb: Three months £351, 50.

ALUMINIUM—Lower with forward metal initially marked down to £694 on reports of a settlement at Alcan. When this information proved incorrect, the price rose to £705, but finished on the Kerb at £700. Trading was generally thin. Turnover 5,550 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	694-5	-7.5	697-8	-15.5
3 months	694.5	-7.25	697-8	-14

Morning: three months £695, three months £700, 699, 98, 95, 94, 94.5, 95, 94.5. Kerb: three months £693. Afternoon: three months £697, 98, 97, 95, 700, 699. Kerb: three months £700, 699.

NICKEL—Moved narrowly in routine trading with forward metal holding throughout the day between £2,640 and £2,680, starting at £2,650 and closing on the Kerb at £2,652.5. Turnover 324 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	—		—	
3 months	2650-60	-30	2660-5	-25.5

Morning: three months £2,650, 50, 60, 50. Afternoon: three months £2,650, 60, 65. Kerb: three months £2,660.

• Cents per pound. ‡ SM per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.9p an ounce higher for spot delivery in the London bullion market yesterday at 393.5p. U.S. cent equivalents of the fixing levels were: spot 893.8c, up 9.3c; three-month 903.1c, up 10.5c; six-month 925.7c, up 12.6c; and 12-month 957.5c, up 9.8c. The metal opened at 391-392p (886-878c) and closed at 396-397p (893-895c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	393.5p	+0.9	395.55p	+2.15
3 months	404.8p	+1.0	406.6p	+1.85
6 months	416.0p	+1.0	—	
12months	434.5p		—	

LME—Turnover 237 (109) lots of 10,000 ozs. Morning: Three months 405.5, 5.6, 6, 6.3, 6.5, 6.6, 6.8. Kerbs: Three months 406.7, 7.5, 7.2. Afternoon: Three months 407, 7.4, 7.1, 7. Kerbs: Three months 405.6, 5.4, 5.5, 7, 7.1, 7, 6.7.

COCOA

Prices yesterday traded within a narrow range and at the end of a lack-lustre day closed £10 below Tuesday evening levels, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
July	1492-1496	+4.0	1502-1478
Sept	1538-1540	+7.0	1545-1516
Dec	1608-1609	+11.0	1615-1585
March	1643-1647	+12.5	1652-1626
May	1667-1676	+15.0	1672-1650
July	1680-1690	+6.0	1685-1679
Sept	1705-1717	+12.0	1700

Sales: 4,191 (3,235).

International Cocoa Organisation—Prices unavailable due to U.S. Independence Day holiday.

COFFEE

Robustas eased lower during a quiet early session. But most selling was well absorbed by scale down buying from trade sources, reported Drexel.

A steady New York performance inspired an early afternoon rally but the market came under persistent selling pressure, mainly from Commission Houses at the higher levels, and values fell back slightly.

COFFEE	Yesterdays Close £ per tonne	+ or —	Business Done
July	1981-90	-82.5	2005-1980
September	2033-34	+11.0	2047-20
November	2032-33	+08.0	2048-25
January	2033-35	+00.5	2050-23
March	2013-20	+07.5	2032-10
May	2010-16	+07.0	2025-10
July	2010-15	+08.0	2025-15

Sales: 4,792 (6,052).

ICS indicator prices for July 4 unavailable due to U.S. Independence Day holiday.

GRAINS

LONDON FUTURES (GAFTA)—The market opened unchanged to 5p higher and moved 10-20p higher in the morning in thin trading. Some hedge selling was seen in the afternoon and values eased back slightly to close 10-20p down on wheat at 5p lower to 5p higher on barley, reported Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	91.20	-0.8	87.15	-0.8
Nov.	95.05	-0.95	91.05	-1.0
Jan.	99.20	-0.95	95.15	-1.0
Mar.	102.55	-1.0	98.50	-1.0
May	106.05	-0.95	101.75	-0.85

Business done—Wheat: Sept. 91.90-91.20, Nov. 95.80-95.05, Jan. 100.0-99.20, March 103.25-102.55, May 106.75-106.05. Sales: 230. Barley: Sept. 87.90-87.15, Nov. 91.85-91.05, Jan. 95.95-95.35, March 99.15-98.85, May 102.50-101.75. Sales: 168.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted: U.S. Dark Northern Spring No. 2 14 per cent July 96.25, Aug. 96.50, Sept. 97.25, transhipment East Coast: U.S. Hard Winter 13½ per cent Aug. 98.50, transhipment East Coast; EEC unquoted.

Maize: U.S./French July 107.50, Aug. 109.50, transhipment East Coast: South African White unquoted: South African Yellow Aug. 82.00 ,nominal.

Barley: English Feed fob Sept. 90.00, East Coast, Sept. 91.00, Bristol Channel sellers.

Sorghum: Aug. 89, nominal, Sept. 89.75, nominal, South Coast: U.S./Argentine: oats unquoted: Scandinavian Feed unquoted.

HGCA—Location ex-farm spot prices: Feed barley: N. Lincoln 89.30; Hants and W. Sussex 87.80.

The UK monetary co-efficient for the week beginning July 9, is expected to decrease to 1.165.

EEC IMPORT LEVIES—The following levies and premiums are effective for July 6 in order current levy plus Aug., Sept. and Oct. premiums, with previous in brackets. All in units of account per tonne. Common wheat: 77.61, rest nil (77.61, rest nil). Durum wheat: 121.93, rest nil (121.93, rest nil). Rye: 79.87, rest nil (79.87, rest nil). Barley: 74.09, rest nil (74.09, rest nil). Oats: 86.82, rest nil (86.82, rest nil). Maize (other than hybrid for seeding): 76.44, rest nil (76.44, rest nil). Buckwheat: 4.06, rest nil (4.06, rest nil). Millet: 59.01, rest nil (59.01, rest nil). Grain sorghum: 77.31, rest nil (77.31, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 123.43 (123.43). Rye flour: 126.59 (126.59).

WOOL FUTURES

SYDNEY GREASY—Close (in order, buyer, seller, business, sales). Micron contract: July 386.0, 387.0, 384.5-380.0, 17; Oct. 391.5, 392.0, 395.5-392.5, 22; Dec. 398.0, 398.5, 401.0-398.0, 23; March 406.0, 407.5, 410.0-407.0, 30; May 407.0, 409.0, 412.5-410.0, 20; July 410.0-412.0, 417.0-417.0, 19; Oct. 414.0, 415.0, 415.0-413.5, 7; Dec. 416.0, 418.0, 420.0-420.0, 28. Sales 79.

LONDON GREASY—Close (in order: buyer, seller only). July 218.0, 228.0; Oct. 218.0, 233.0; Dec. 218.0, 238.0; March, May, July, Oct., Dec., 228.0, 238.0. Sales: Nil.

New Zealand Crossbreds—Close (in order: buyer, seller only). July 165.0, 180.0; Oct. 180.0, 188.0; Dec. 180.0, 190.0; March, May, July Oct., Dec. 185.0, 193.0. Sales: Nil.

RUBBER

STEADY opening on the London physical market. Fair terminal interest, closing on an uncertain note. Lewis and Peat reported a Malaysian godown price of 293.0 (282.5) cents a kilo (buyer, July).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Aug.	65.80-65.50	62.50-63.00	63.50-63.40
Sept.	64.40-65.00	63.00-64.00	64.80-64.50
Oct-Dec	66.85-67.00	66.20-66.30	67.00-65.80
Jan-Mar	69.20-69.50	69.45-69.50	69.50-69.00
Apr.-Jne	71.40-71.50	70.70-70.75	71.45-70.25
Jly.-Sept	73.50-73.55	72.95-73.05	73.50
Oct-Dec	75.55-75.60	75.10-75.40	75.60-75.55
Jan-Mar	77.80-77.70	77.25-77.45	77.75-77.40
Apr-Jne	79.70-79.80	79.40-79.60	79.80-79.75

Sales: 466 (413) at 15 tonnes and 4 at 5 tonnes.

Physical closing prices (buyer) were: Spot 61.25p (61.0p); Aug. 66.00p (65.5p); Sept. 66.50p (66.0p).

SOYABEAN MEAL

The London market opened with losses of £1 on stronger sterling, reported T. G. Roddicks. Good trade buying and fresh speculative interest enabled the market to rally.

	Yest' rd'y Close £ per tonne	+ or —	Business Done
August	124.00-24.5	+1.15	124.50-22.50
October	126.10-26.5	+1.55	126.20-24.40
December	128.10-28.2	+2.0	128.00-25.00
February	122.00-29.5	-2.0	129.20-27.00
April	129.50-32.0	+2.0	—
June	129.50-33.5	+1.5	—
August	128.50-35.0	+0.75	—

Sales: 123 (80).

SUGAR

LONDON DAILY PRICE (raw sugar): £100.0 (same) a tonne cif for July shipment. White sugar daily price was £100.0 (£102.0).

The market was very quiet during the morning. Later, however, New York quotations moved sharply higher following the strength of the Chicago grain complex and prices quickly gained 150 to 200 points. Final levels were the highs of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yester-day's Close	Previous Close	Business Done
	£ per tonne		
Aug.	107.10-07.15	108.10-06.15	107.15-05.60
Oct.	110.50-10.80	108.70-09.80	110.50-09.00
Dec.	115.60-15.40	113.65-13.95	115.35-13.50
March	120.80-20.30	119.35-20.00	120.80-19.50
May	123.75-24.00	122.75-25.00	123.00-22.25
Aug.	126.50-27.70	126.00-27.00	—
Oct.	130.00-31.70	129.25-31.00	—

Sales: 993 (974) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £170.0 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for July 4: Daily price 8.53 (8.54): 15-day average 8.32 (8.30).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Sept. 107.25, 107.75, 107.25-106.50, 22; Nov. 111.25, 111.50, 111.25-110.75, 55; Feb. 119.50, 120.00, 119.25, 10; April 122.00, 123.75, nil, nil; July 126.25, 127.00, nil, nil; Sept. 130.00, 133.00, nil, nil; Nov. 132.00, 137.00, nil, nil. Sales 87.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 123 tonnes bringing the total for the week so far to 858 tonnes. Moderate operations continued without much show of additional support. North and South American varieties were in request, as were certain Middle Eastern types.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 5 1979	+ or —	Month ago
Metals			
Aluminium	£710/50		£710/50
Free Mkt (cs)	$1485/1505	-25.0	$1,650/50
Copper			
Cash w'bar	£820.5	-3.0	£877.75
3 mth „	£834.5	-0.75	£890
Cash Cathode	£799	-4.0	£854
3 mth „	£818	-0.5	£874.5
Gold troy oz.	$287.875	+4.25	$277.125
Lead cash	£629	-1.0	£701
3 mth	£597.75	+3.25	£642.5
Nickel	£3226.4		£3,117.62
Freemkt(cif)(lb)	250/75c		300/40c
Platin'm tr'y oz	£165.0		£171
Free mkt	£190.7	-1.05	£202.75
Quicksil'ver	$285/300		$325/40
Silver troy oz	393.50p	+0.9	406.6p
3 months	404.8p	+1.0	419.7p
Tin cash	£7,870	+60	£7,465
3 mths	£6,957.5	-37.5	£7,175
Tungsten	$140.17	-1.44	$137.52
Wolfrm 22.04 cif	$140/145		$143/48
Zinc cash	£338	-0.5	£367.5
3 months	£349.75	-1.0	£378.75
Producers	$845		$845
Oils			
Coconut (Phil)	£1,135s		$1,080
Groundnut	‡		
Linseed Crude	£400		£386
Palm Malayan	$686t	+4.5	$654.5p
Seeds			
Copra Philip	$735y		$712.5
Soyabean (U.S.)	$321p		$315.5
Grains			
Barley Futures	£91.05	-1.0	£89.95
Maize			
French No 3 Am	£107.5		£110.75
Wheat			
No. 1 Red Spg.	£96.25	-1.0	‡
No2HardWint.	£98.5p	-1.0	‡
Eng. Milling t	‡		£107.5
Other commodities			
Cocoa ship't	£1,638.5	+7.0	£1,802
Future Sept.	£1,588.5	+7.0	£1,728.5
CoffeeF't'rSep	£2,033.5	+11.0	£1,856.5
Cotton A'index	76.45c	-0.1	*76.3c
Rubber kilo §	61.25p	+0.25	67p
Sugar (Raw)	£100.0		£100
Wooltp's 64s kl	268p	-3.0	279p

* Nominal. † New Crop. ‡ Unquoted in tonnes, unless otherwise stated. *p* August. *s* July-Aug. *t* Sept. *w* Sept.-Oct. *y* Nov. *z* Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD — Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 80.0 to 83.0, forequarters 42.0 to 45.0. Veal: Dutch hinds and ends 90.0 to 98.0. Lamb: English small 66.0 to 70.0, medium 62.0 to 74.0. Pork: English, under 100 lb 34.5 to 43.5, 100-120 lb 34.5 to 42.5, 120-160 lb 34.0 to 41.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 5. GB cattle 98.79p per kg. l.w. (−0.59); UK sheep 159.4p per kg. est.d.c.w. (−9.2); GB pigs 63.0p per kg. l.w. (+4.1). England and Wales: Cattle numbers up 22.1 per cent, average price 89.58p (−0.22); Sheep numbers down 5.1 per cent, average price 158.4p (−9.2); Pig numbers down 0.8 per cent, average price 63.0p (+4.1). Scotland: Cattle *numbers up 15.3 per cent, average* price 90.21p (−1.24).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce Oranges—Israeli: Valencia Lates 4.40-5.40; Cyprus: 5.00-6.00; S. African: Navels 4.60-6.30; Brazilian: 5.80-6.40. Lemons —Italian: 100/120's 6.00-6.50; Spania: Trays 30/40/45 3.00-3.20. Grapefruit—S. African: 32/64 3.60-5.10; Jaffa: 36's 4.80-5.00. Apples—S. African: Granny Smith 7.40, White Winter Pearmain 3.00, Starking 4.00-4.50, Golden Delicious 6.50-6.60; New Zealand: Sturmers 7.30, Delicious 6.50; Tasmanian: Jonathans 5.80, Golden Delicious 4.00, Sturmer Pippins 6.50-6.60, Granny Smith 7.00; Victorian: Granny Smith 7.30; W. Australian: Granny Smith 7.30; Washington: Red Delicious per box 8.00-9.00; French: Golden Delicious 72's 2.20-2.30, 84's 1.90-2.00, jumble pack per lb 0.05-0.08; Italian: Rome Beauty 0.08-0.09, Democrats per lb 0.10; Victorian: Lates 7.50-8.00, Democrats 6.50-7.00.

English Produce Potatoes—New crop per bag 2.00-2.30. Lettuce—Per 12 round 1.00-1.30, Cos 1.30-1.40. Mushrooms—Per lb 0.50-0.60. Apples—Per lb Bramley 0.04-0.09. Rhubarb—Per lb outdoor 0.03-0.04. Tomatoes—Per 12-lb 2.60-2.80. Cucumbers—Tray 8/18's 1.50-1.80, prepack 2.20-2.40. Cauliflowers—12's Lincoln 2.00-2.20. Spring Greens—Per crate Kent 1.20. Prime 1.40. Celery—Boxes 12/30's 3.00-3.60. Strawberries—Per ¼-lb 0.15-0.25. Gooseberries—Per lb 0.16-0.20. Peas—Per lb 0.11-0.12. Broad Beans—Per lb 0.10-0.11. Cherries—Per lb 0.30-0.40. Onions—Per bag 4.50. Carrots—Per bunch 0.12.

AMERICAN MARKETS

NEW YORK, July 5.

THE commodity markets took a bullish turn across the board with good volume and surprisingly high interest following the mid-week holiday. All grains and the soyabean complex realised gains approaching limit up moves on good export inquiries. The livestock markets were exceptionally strong on speculative demand, closing at or near limit up. Gold and silver rallied strongly on the dollar's weakness, which was associated with President Carter's cancellation of his major energy speech. Sugar and coffee were strong with good trade buying and dollar arbitrage. Copper continued its advances from the recent seasonal lows, benefiting from low users' inventories. The only major commodity suffering a loss was cocoa, which halved its limit down losses in moderate, late-morning trade buying, Heinold reported.

Copper—July 82.30 (80.40), Aug. 82.20 (80.30), Sept. 82.05, Dec. 82.00, Jan. 82.10, March 82.20, May 82.30, July 82.40, Sept. 82.50, Dec. 82.60, Jan. 82.60, March 82.60, May 82.60.

*Gold—July 291.00 (283.80), Aug. 292.60-293.00 (285.20), Sept. 296.90, Oct. 298.50, Dec. 303.50-303.90, Feb. 309.00, April 313.10, June 317.60, Aug. 323.00-323.00, Oct. 327.10, Dec. 332.00, Feb. 336.00, April 340.40.

Potatoes (round whites)—Nov. 65.7 (65.4), March 83.4 (83.0), April nil, May 108.9.

¶Silver—July 892.5 (870.8), Aug. 896.3 (876.3), Sept. 904.0, Dec. 923.2, Jan. 928.8, March 939.8, May 950.8, July 961.8, Sept. 972.8, Dec. 990.0, Jan. 995.6, March 1006.6, May 1017.6. Handy and Harman bullion spot 880.3 (859.40).

Tin—723.0-740.0 nom. (720.0-720.0).

CHICAGO, July 5.

Lard—Chicago loose 26.50. New York prime steam 28.00.

Live Cattle—Aug. 68.60-68.67 (67.17-68.62), Oct. 66.75-66.80 (65.42-66.77), Dec. 68.80-68.90, Jan. 70.00, Feb. 70.60-70.80, April 71.70 asked-71.60, June 73.45 bid-73.25, Aug. 72.35 bid, Oct. 72.05 asked, Dec. 72.50. Sales: 21,226.

Live Hogs—July 41.95-42.02 (40.52-41.97), Aug. 38.12 bid (36.62-38.12), Oct. 35.55 bid, Dec. 37.30-37.30 bid, Feb. 39.60-39.67, April 39.52-39.50, June 43.80-43.75, July 43.90 bid, Aug. 42.75 bid. Sales: 4,190.

‡‡Maize—July 316-317¾ (311½), Sept. 319-319½ (312¼), Dec. 325-324½, March 232½-333¾, May 338-335½, July 336.

Pork Bellies—July 361.0 bid (34.10-36.10), Aug. 35.05-35.05 bid (33.05-35.05), Feb. 45.07 bid, March 45.37 bid, May 46.25 bid, July 47.27 asked, Aug. 46.25 bid. Sales: 3,257.

Plywood—July 195.1 (195.0), Sept. 194.5-194.9 (195.1), Nov. 190.6, Jan. 192.0, March 192.8 asked, May 195.5, July 197.9, Sept. 199.3, *Nov. 199.5*.

Silver—July 893.51 (872.80), Aug. 899.3 bid (819.30), Oct. 911.4 bid, Dec. 923.5 bid, Feb. 934.8 bid, April 954.5 bid, June 956.4 bid, Aug. 967.5 bid, Oct 978.8 bid, Dec. 990.3 bid, Feb. 1003.0 bid, April 1039.0 bid, June 1036.0 bid, Aug. 1038.3 bid, Oct. 1050.8 bid, Dec. 1063.5 bid, Feb. 1076.4, April 1089.5, June 1102.4 bid.

Shell Eggs—July 52.00 (52.50-52.00), Aug. 55.00 (55.40-55.00), Sept. 59.80 bid, Oct. nil, Nov. 61.00, Dec. 63.60. Sales: 58.

‡Soyabeans—July 782-786 (753½), *Aug. 789-792 (762), Sept. 787, Nov.* 777½-779, Jan. 788-789, March 799½-800, May 803½-804½, July 805.

‖Soyabean Meal—July 213.00-213.50 (205.70), Aug. 212.00-212.50 (205.60), Sept. 212.00-213.50, Oct. 202.00-203.00, Dec. 213.50-214.00, Jan. 216.50, March 218.50-219.00, May 219.00-219.50, July 219.50-220.50.

Soyabean Oil — July 28.65-28.75 (27.80), Aug. 28.40-28.45 (27.67), Sept. 28.20-28.30, Oct. 28.08-28.00, Dec. 27.70-27.65, Jan 27.65-27.70, March 27.70, May 27.75, July 27.70, Aug. 27.60.

‡Wheat—July 463½ bid (443½), Sept. 464-467 (447¼), Dec. 479½-478, March 481, May 472½, July 442-440.

WINNIPEG, July 5. §Rye—July 169.50 bid (164.50 bid), Oct. 162.00 bid (157.00 bid), Dec. 155.00 bid, May 153.50 bid.

§Barley—July 107.50 (108.50 asked), Oct. 106.50-106.60 bid (160.50 asked), Dec. 106.60 bid; March 107.10 bid, May 107.00 bid.

§Oats—July 112.00 (110.70), Oct. 107.00 (104.50 asked), Dec. 105.60 asked, March 104.00 bid, May 104.00 bid.

§Flaxseed—July 363.00 bid (353.00 asked), Oct. 349.00 bid (340.00 asked), Nov. 343.00 bid, Dec. 333.00 bid, May 342.00 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 241.4

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 5.

Wheat—U.S. No 2 Dark Hard Winter wheat, 13.5 per cent, Aug. $202. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat Aug. $200, Sept. $203. U.S. No. 2 Northern Spring wheat, 14 per cent, July $198, Aug. $198, Sept. $199, Oct. $202, Nov. $204.

Maize—U.S. No. 3 Corn Yellow Aug. $156.50, Sept. $157, Oct.-Dec. $153-159.25, Jan.-March $164.75-165 traded, afloat $155, July $155, Aug. $156.50, Sept. $157.50, Oct.-Dec. $159.50, Jan.-March $165.25, sellers.

Soyabeans—U.S. Two Yellow Gulfports afloat $306, Aug. $316.75, Sept. $320.50, Oct. $310, Nov. $309.50, Dec. $313.50, Jan. $318, Feb. $322.5, March $322.75, April $324.75, May $325.50. Brazil Yellow faq afloat $304. Argentine July $302 buyer, July $303.50 seller, Aug. $306 buyer, $307.50 seller.

Soyameal—44 per cent protein U.S. afloat $251.50, July $255, July-Sept. $256.50, Nov.-March $262. Brazil Pellets afloat $253, June $254, July $258.25, Aug. $253.50, Sept. $260.50.

PARIS, July 5.

Cocoa (FFr per 100 kilos)—July 1425-1435, Sept. 1478-1485, Dec. 1510-1515, March 1538-1545, July 1525. Sales at call, nil.

*Sugar (FFr per 100 kilos)—Aug. 958-*964, Oct. 1022-1024, Nov. 1020-1028, Dec. 1064-1075, March 1120-1130, May 1141-1151, July 1155-1175, Aug. 1165-1185. Sales nil.

Coffee (FFr per 100 kilos)—July 1852-1874, Sept. 1890-1895, Nov. 1891-1895, Jan. 1877-1695, March 1878-1888, May 1860-1900, July 1855-1890. Sales at call, 9.

INDICES

FINANCIAL TIMES

July 4	July 3	M'nth ago	Year ago
294.04	292.11	291.14	240.22

(Base: July 1, 1952=100)

MOODY'S

July 3	July 2	M'nth ago	Year ago
1085.3	1085.3	1071.3	920.9

(December 31, 1931=100)

DOW JONES

Dow Jones	July 3	July 2	Month ago	Year ago
Spot	417.25	419.75	409.16	359.09
F'tur's	423.86	452.15	403.99	346.87

(Average 1924-25-26=100)

REUTERS

July 5	July 4	M'nth ago	Year ago
1595.8	1595.4	1611.4	1455.0

(Base: September 18, 1931=100)

Special deposits reduction has little impact on Gilts
Worries about export competitiveness affect equities

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 18	Jun. 28	Jun. 29	July 10
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7

* "New time" dealings may take place from 9.30 am two business days

With the heavy activity of the previous few days subsiding quite considerably, Government stocks yesterday were content to be guided by the sterling exchange rate. The latter's strong early trend ensured a reasonably firm opening among long-dated issues, but rises extending to ⅜ were progressively eroded as the pound slipped back.

Most quotations had returned to around overnight list levels in front of the announcement that banks' special deposits are to be temporarily reduced from 2 to ½ per cent, and held unmoved for the remainder of a much slower session. The Bank of England's move was seen as only a technical operation to alleviate liquidity problems ahead of today's and next Wednesday's calls amounting to about £748m on the two partly-paid British Funds.

In front of today's £25 per cent call, the recently-exhausted tap Exchequer 12¼ per cent A 1999 changed hands at 20¼ before closing a net ¼ easier at 19¾, while Treasury 12 per cent 1984, the other partly-paid stock, ended similarly cheaper at 51¼. Remaining mediums and longs were generally unchanged, while short-dated issues were again affected by a tendency to switch longer, though to a lesser extent than recently, and showed losses extending to ¼.

Further concern about the competitive position of UK exporters because of the sharply rising pound was reflected in leading shares from the start. A slight downdrift soon gathered momentum in the absence of institutional and other demand to leave some constituents of the FT 30-share index with falls ranging to double figures.

GEC's preliminary results came near to market expectations, but the dividend payment was less than some had anticipated and the price came back 11 to 347p. John Brown was another constituent of the index to be hit hard and lost 26 to 471p, while the 30-share closed 6.2 down at the day's lowest of 467.7.

Further extremely active conditions in the investment currency market saw the premium fluctuate between 25 and 22¾ per cent before settling a point lower on balance at 23¾ per cent. Institutional sources were again operating actively on both accounts and the initial fall in the premium was largely a reflection of sterling's strong opening tendency. Yesterday's SE conversion factor was 0.9396 (0.9466).

A total of 560 trades was recorded in Traded options, 20 lower than on Wednesday and almost half Monday's 1,014. GEC, reporting preliminary results, attracted 102 deals.

Banks sold

The major clearing banks encountered persistent profit-taking with Barclays and Midland relinquishing 5 apiece to 470p and 380p respectively. Similar falls were marked against Lloyds, 338p and NatWest, 362p, while Standard Chartered shed 7 to 458p. Discounts held steady, but Merchant Banks and Hire Purchases also gave back part of their recent gains.

Insurances turned dull, but sometimes closed slightly above the worst. Legal and General ended 4 cheaper at 157p, after 156p, as did Prudential, at 158p, after 157p. Sun Life shed 7 to 126p and Refuge 6 to 148p while, among brokers, Hogg Robinson declined 4 to 99p and C. T. Bowring eased 3 to 106p.

A batch of trading statements provided most of the interest in idle Breweries. Scottish and Newcastle reported preliminary profits much in line with market expectations and firmed slightly to 67½p, while Gough Brothers, recipients of a bid from the former on Wednesday, advanced 3 to match the offer price of 130p. Higher annual profits left Greene King 3 up at 368p, while Burtonwood, also reporting full-year results, added a penny to 216p. Bass fell a couple of pence to 217p following news of the £16m purchase of 10 hotels in the Netherlands.

Contracting and Construction issues encountered persistent selling. Taylor Woodrow shed 8 to 356p, while George Wimpey eased 1½ to 75p and Marchwiel 4 to 106p. Gough Cooper touched 88p following the interim results before settling at the overnight level of 86p. On the other hand, interest was shown in Mallinson-Denny which firmed a penny to 66½p, after 67½p, and steady demand lifted Blundell Permoglaze 3 to 95p. UBM, an unsettled market since the rights issue, eased 2½ to 60½p, while the new nil-paid shares shed 2 to 3p premium. In dull Cements, Blue Circle finished 4 off at 274p and Tunnel B relinquished 6 to 278p, while Cement Roadstone, adversely affected by Irish currency trends, shed 3 more to 77p. Dealings in Burnett and Hallamshire were suspended at 400p pending an announcement.

ICI slipped 3 further to 334p before rallying to close just a penny cheaper on balance at 336p. Fisons rose 4 to 254p in late dealings. Elsewhere in Chemicals, Carless Capel improved 3 to 51p on consideration of its North Sea interests, but persistent selling left Allied Colloids 8 down at 92p.

Stores quiet

Stores drifted downwards in a subdued business. Recent support for Burton fell away leaving the A 6 lower at 286p with the Warrants 2 cheaper at 116p. House of Fraser closed 4 off at 179p, while Gussies A lost a similar amount to 358p and Marks and Spencer eased 2 to 113p. Among secondary issues, MFI gave up 6 to 166p, while Lincroft Kilgour, still unsettled by the interim statement, fell 3 to 44p. Among Shoes, Stylo, at 131p, recovered 3 of Wednesday's drop of 13 which followed the £1.9m rights issue.

Although the preliminary figures from GEC were within figures from GEC were within the range of recent projections, selling on disappointment with the size of the dividend increase left the price 11 down at 347p. Thorn Electrical, annual results due today, gave up 6 to 404p. Outside of the leaders, Laurence Scott weakened 9 to 63p on the gloomy statement on current trading, while disappointing preliminary figures prompted dullness in Electronic Rentals, down 10 at 188p. Scattered offerings left Berec 5 cheaper at 107p and Muirhead 8 lower at 224p.

Renewed selling pressure left its mark on John Brown which fell away steadily to close at the day's lowest of 471p, down 26p. Losses in the other Engineering leaders, however, were relatively modest, Hawker reacting 6 to 178p and falls of 2 being recorded in Tubes, 348p, and Vickers, 166p. Scattered selling was evident in secondary issues. British Aluminium, 215p, and Alcan Aluminium, 138p, fell 7 and 9 respectively, while falls of around 6 were recorded in Babcock and Wilcox, 167p, Baker Perkins, 152p, and Ductile Steels, 105p. B. Elliott new shares met selling and closed 8 cheaper at 14p premium, with the old 10 down at 215p. Further consideration of the preliminary results left English Card Clothing 4 cheaper at 112p, while Birmingham Pallet closed 5 lower at 85p, after 80p, on the reduced interim dividend and profits. Against the trend, news of the £80m nuclear power order stimulated buying in Whessoe which gained 7 to 127p.

Foods drifted gently lower in the absence of support. Rowntree Mackintosh cheapened 4 more to 174p, while Tate and Lyle eased 2 to 132p and Cadbury Schweppes a penny to 58½p. Among Supermarkets, J. Sainsbury and Associated Dairies shed 7 apiece to 352p and 250p respectively and, in a thin market, Amos Hinton relinquished 5 to 88p.

Despite favourable Press comment about the successful rights issue, Grand Metropolitan slipped 3 to 141p. Ladbroke however, a particularly depressed market of late on adverse publicity surrounding the casino licences court case, rallied 3 to 179p.

Unilever above worst

Fresh switching from Unilever into Unilever NV depressed the former which reacted further to 502p before staging a modest rally to close 12 down on balance at 508p. Overseas earners were well to the fore in a further setback in other miscellaneous Industrial leaders: Reckitt and Colman fell 12 to 428p and Beecham 9 to 529p, while Pilkington gave up 10 to 310p. Elsewhere, Gestetner "A" reacted 6 to 110p and falls of around 10 were recorded in De La Rue, 487p, and BTR, 320p. Bath and Portland, a firm market of late on the financial arrangements with LTA Ltd., met profit-taking and reacted 4 to 50p. By way of contrast, revived speculative interest lifted Neil and Spencer 9 to 212p and Thermal Syndicate 5 to 128p. Diploma were also firm at 320p, up 5.

The Board's forecast of a substantial dividend increase stimulated a reasonable demand for Barr and Wallace Arnold Trust A which put on 11 for a two-day gain of 16 to 130p. Motion film processors Humphries Holdings gained 5 to 60p following the annual results.

Motor sectors drifted lower, mainly due to lack of interest. Dowty gave up 7 to 311p, while Lucas fell 5 at 258p. Profit-taking left recent high-flyer Flight Refuelling 3 cheaper at 180p. Among Distributors, Harold Perry lost 6 at 130p, while T. C. Harrison eased 2 to 64p and Alexanders 1½ at 13p.

Book publishers Routledge and Kegan Paul eased 3 to 237p after the annual results, while persistent small selling left William Collins 8 down at 130p. Newspapers traded quietly and closed with falls to 5. Elsewhere, John Waddington, 160p, recovered 4 of the previous day's fall of 6 which followed from the disappointing results.

Recent demand for Properties slackened and the leaders closed a penny or so lower. Speculative counters Bernard Sunley, 388p, and Imry, 370p, eased 5 and 4 respectively, while Rush and Tompkins gave up 10 to 137p on a withdrawal of support. By contrast, a small amount of stock lifted M. P. Kent 3 to 70p. Interest was also shown in Land Investors which added 2 to 55p and C. E. Beazer which improved 3 to 74p.

BP good late

British Petroleum featured late in the Oil sector with a rise of 19 to 1258p following the forecast dividend of 85p per share for 1979. Shell reacted afresh to 344p on continuing switching into Royal Dutch before recovering to close 4 dearer on the day at 358p. Among the speculative issues, Oil Exploration advanced 22 to 336p and Premier Consolidated 1½ to 41p awaiting the expected statement from Philips Petroleum about a possible new oil strike in the North Sea. Viking rose 10 more to 250p. On the other hand, Siebens eased 6 to 226p and Lasmo 4 to 242p.

Among Shippings, Furness Withy encountered fresh scattered offerings and gave up 6 to 271p, but Lyle came to life with a rise of 9 to 192p.

Bats continued downwards, losing 7 to 258p following adverse Press comment on the pending International Stores/Macmarkets merger and mounting concern over possible reduced overseas earnings due to the current strength of sterling. Imperial, with interim results expected on Thursday, shed 1½ to 98p.

Golds rally

South African Golds were a firm market as the bullion price reached record levels. Continental and London investment buying emerged, although there was little follow-through from the U.S., and price rises were fuelled by shortage of stock.

The Gold Mines Index rose 5.4 to 163.2 and the ex-premium index climbed 3.9 to 153.2. Demand developed for East Rand Properties, 36 higher at 463p, while President Brand attracted early attention and finished 15 better at 394p. Among the heavyweights, West Driefontein advanced ⅞ to £22⅞.

Interest in Golds spilled over into Platinums where Rustenburg were 6 better at 120p, but South African Financials were generally neglected. De Beers, however, moved up 15 to 385p on London buying influenced by the yields considerations.

The higher gold price also helped Consolidated Gold Fields, among London Financials, to a rise of 4 to 223p. But Rio Tinto-Zinc were down 5 at 269p influenced by the easier tone in the industrial market, while Charter Consolidated fell 4 more to 126p on further consideration of their annual profits. Selection Trust met with small selling, falling 10 to 486p, despite the announcement of development at Teutonic Bore in Western Australia.

But the Teutonic Bore news lifted Selcast Exploration, [illegible] to 54p, and MIM, the joint venturer, the same amount to [illegible]. Among other Australians, [illegible] Exploration were a feature, advancing 8 to 28p on gold prospects. Prices throughout the sector were generally steady, although turnover was modest. Elsewhere, [illegible] Mines rose 4 to 29p on uranium and joint venture hopes for a Wyoming prospect. Tins were idle and Coppers little changed.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1000	245	2	265	—	—	—	1258p
BP	1150	95	1	130	—	—	—	"
BP	1300	8	33	55	—	100	—	"
Com. Union	160	1	—	7	3	10	—	146p
Com. Union	180	½	2	5	—	7	—	"
Cons. Gold	200	25	4	35	—	45	—	244p
Cons. Gold	220	9	25	22	—	32	—	"
Cons. Gold	240	2½	2	13	12	18	—	"
Cons. Gold	260	1	15	6	—	12	—	"
Courtaulds	100	1	10	3½	—	5½	10	86p
GEC	330	19	9	41	4	54	6	346p
GEC	360	6	25	24	7	40	—	"
GEC	390	1½	16	13	17	29	4	"
GEC	420	½	—	6	18	18	7	"
GEC	460	½	—	5	—	10	5	"
Grand Met.	128	15	15	22	2	30	—	142p
Grand Met.	142	7	20	15	—	23	—	"
ICI	330	10	—	24	—	32	20	334p
ICI	360	1	32	9	3	17	—	"
ICI	420	¼	—	2	—	6	4	"
Land Secs.	300	8	—	20	—	26	—	302p
Land Secs.	330	1	—	14	2	18	—	"
Marks & Sp.	100	15	7	19	2	—	—	113p
Marks & Sp.	110	7	—	12	—	17	—	"
Marks & Sp.	120	1	—	8	4	12	—	"
Shell	325	30	15	45	12	—	—	349p
Shell	350	15	8	30	4	37	1	"
Shell	375	5	20	19	4	26	8	"
Shell	400	2	—	14	3	18	—	"
Totals			278		83		67	
		August		November		February		
BOC Intl.	70	7½	—	10	—	15½	5	73p
BOC Intl.	80	3½	—	4½	25	9	—	"
Boots	240	½	—	3½	8	—	—	194p
EMI	100	3	5	10	6	14	—	104p
EMI	120	2	—	6	2	—	—	"
EMI	130	1½	10	6	4	—	—	"
EMI	140	½	30	4	—	—	—	"
Imperial Gp.	100	2½	—	6	25	9½	—	93p
RTZ	330	2	10	9	—	19	5	270p
Total			55		73		5	

FOOD PRICE MOVEMENTS

	July 5 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,180	1,180	1,150
British A.1 per ton ...	1,120	1,120	1,095
Ulster A.1 per ton† ...	1,120	1,120	1,095
BUTTER			
NZ per 20 kg ...	14.22/14.37	14.22/14.37	14.22/14.37
English per cwt† ...	81.65/83.65	81.65	81.65
Danish salted per cwt†	87.10/87.85	85.10/87.70	85.10/87.85
CHEESE‡			
NZ per tonne ...	—	—	—
English cheddar trad. per tonne ...	—	—	—
EGGS*			
Home produced:			
Size 4 ...	2.80/3.20	3.10/3.30	2.90/3.00
Size 2 ...	3.50/3.70	3.60/3.80	3.40/3.60
	July 5 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF ...	64.0/68.0	64.0/68.0	60.0/65.0
Eire forequarters ...	42.0/45.0	42.0/44.0	40.0/42.0
LAMB			
English ...	62.0/74.0	66.0/70.0	—
NZ PLs/PMs ...	—	50.5/51.5	51.0/52.5
PORK			
All weights ...	34.0/43.5	34.0/44.0	34.0/44.0
POULTRY			
Oven-ready chickens...	41.5/44.0	41.0/44.0	41.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery July 7-14.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 26	July 9	Sep. 20	Oct. 2
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30

For rate indications see end of Share Information Service

Call options were completed in Britannia Arrow, Shell, Ladbroke, Premier Oil, Impala Platinum, UDT, Grand Met., Wace, St. Piran, Ratners, Prudential, Barr and Wallace A, Burmah, John Brown and Lasmo. A put was done in Premier Oil and doubles were arranged in Lofs and Lasmo.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BAT Inds.	25p	9	258	− 7	362	255
BP	£1	9	1,258	+19	1,293	882
Unilever	25p	9	508	−12	680	502
Barclays Bank	£1	8	470	− 5	514	360
Carless Capel	10p	7	51	+ 3	51	28
Commercial Union	25p	7	146	—	168	139
Cons. Gold Fields	25p	7	223	+ 4	268	178
EMI	50p	7	105	− 1	144	94
ICI	£1	7	336	− 1	415	336
Ladbroke	10p	7	179	+ 3	243	167
Lonrho	25p	7	71	− 4	90	62
Marks & Spencer	25p	7	113	− 2	134	83
Oil Exploration	10p	7	336	+22	336	210
RTZ	25p	7	269	− 5	362	226
Shell Transport	25p	7	358	+ 4	402	278

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
60	F.P.	11/7	91	76	B & Q (Retail) 5p	86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	73	66	†Bettgrit 10p	71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80½	F.P.	27/7	99	97	Fairline Boats	98½	+1	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	22/6	53	51	Falcon Inv. Income	51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	22/6	3	2	Do. Capital 2½p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	10/8	[illegible]	[illegible]	Mettoy 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	44	37	[illegible]	37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
160	F.P.	8/8	186	178	StandardTel.&Cables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	Nil	[illegible]	[illegible]	[illegible]	English & Overseas Inv. Conv. [illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Marsh'll's Univ'rs'l [illegible] Cnv.Cum.Red.Prf	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Portsmouth Water [illegible] Red. Prf. 1984	[illegible]	[illegible]
98	F.P.	[illegible]	[illegible]	[illegible]	York Water 12% Deb 1986	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Causton Sir (J.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Century Oils	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Combined English Stores	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Edwards Inds.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Elliott (B.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Geevor Tin	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Grand Metropolitan	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Holt Lloyd Intl.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Intl. Timber	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MEPC	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Myson Group	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	P.M.A. Holdings	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paterson Tennant	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Provincial Laundries	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Scotcros	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Simon Engineering	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Smurfit (Jefferson)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sound Diffusion	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Standard Chartered Bank	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tilling (Thomas)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	UBM	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	W.G.I.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Weeks Associates	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FINANCIAL TIMES STOCK INDICES

	July 5	July 4	July 3	July 2	June 29	June 28	A year ago
Government Secs.	73.48	73.43	73.19	72.99	71.00	70.81	[illegible]
Fixed Interest	74.69	74.84	74.57	73.86	72.66	72.42	[illegible]
Industrial	467.7	473.9	476.5	475.1	473.4	469.2	[illegible]
Gold Mines	163.2	157.8	159.6	161.9	157.2	174.4	[illegible]
Gold Mines(Ex-$ pm)	153.2	149.4	149.1	150.5	152.4	155.6	[illegible]
Ord. Div. Yield	6.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Yld. % (full)	16.59	16.53	16.38	16.35	16.18	16.97	[illegible]
P/E Ratio (net) (*)	7.50	7.57	7.73	7.79	7.88	7.84	[illegible]
Total bargains	17,153	18,082	19,293	17,997	19,272	16,100	[illegible]
Equity turnover £m	—	94.16	86.46	81.09	110.35	85.88	[illegible]
Equity bargains total	—	13,932	15,519	13,137	13,460	13,881	[illegible]

10 am 472.9. 11 am 471.4. Noon 469.7. 1 pm 469.1. 2 pm 469.0. 3 pm 467.7.
Latest Index 01-246 8026.
* Nil=7.28.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.64 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (12/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (14/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (9/4)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	159.5 (5/7)	95.3 (3/1)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	July 5	July 4
Daily		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Average		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (20)

COMMONWEALTH & AFRICAN LOANS (3)
CHEMICALS (1)
STORES (2)
ENGINEERING (1)
FOODS (1)
INDUSTRIALS (3)
NEWSPAPERS (1)
SHIPPING (1)
TRUSTS (1)
OILS (4)
MINES (2)

NEW LOWS (106)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dominion and Foreign Bds.	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial & Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., July 5, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. July 4 Index No.	Tues. July 3 Index No.	Mon. July 2 Index No.	Fri. June 29 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	240.73	−1.6	17.64	5.61	7.39	244.66	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (27)	225.76	−1.1	17.58	5.58	7.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	361.76	−1.0	23.25	5.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	376.63	−2.1	19.24	6.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (75)	179.87	−1.6	18.35	6.29	7.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	165.46	−0.4	19.51	9.05	6.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11 CONSUMER GOODS (DURABLE) (52)	226.60	−1.6	15.55	4.92	8.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio, TV (16)	309.76	−1.8	12.06	3.70	11.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	159.01	−1.0	18.91	7.06	6.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (24)	115.25	−1.3	22.64	7.28	5.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GOODS (NON-DURABLE) (171)	232.26	−1.6	16.46	5.85	7.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	254.79	−0.8	16.27	5.37	7.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	302.32	−0.9	15.41	4.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	314.49	−1.2	15.62	6.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (19)	200.34	−1.9	19.70	6.39	6.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	362.48	−1.8	11.95	4.05	10.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	126.47	−1.7	23.17	8.81	5.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (41)	276.89	−1.8	11.94	4.10	11.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	159.25	−0.9	22.69	9.54	5.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	75.51	−1.2	31.91	9.17	3.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	208.51	−0.9	15.97	6.13	7.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (18)	276.69	−0.8	18.34	4.83	6.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	118.73	−0.7	17.26	6.62	7.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	449.30	−0.8	16.58	6.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (58)	244.52	−0.4	16.06	5.85	8.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	15.66	5.30	7.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (116)	192.34	−1.3	—	5.27	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	229.70	−1.3	27.79	4.84	4.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	164.85	−2.9	20.15	5.27	6.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	150.15	−2.7	—	6.77	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	[illegible]	−0.9	—	7.24	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	[illegible]	[illegible]	13.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	98.44	[illegible]	—	5.61	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (43)	[illegible]	[illegible]	3.00	2.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	119.51	−1.4	21.86	7.92	6.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (110)	[illegible]	−1.1	—	5.33	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	118.37	−1.1	15.69	7.69	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	338.77	−1.6	15.68	7.29	7.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Thurs., July 5	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	105.31	−0.05	—	4.77
2 5-15 years	118.20	−0.01	—	5.61
3 Over 15 years	125.12	−0.01	—	7.36
4 Irredeemables	138.52	+0.07	—	[illegible]
5 All stocks	115.52	−0.03	—	5.65

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.	Thurs. July 5	Wed. July 4
1 Low	5 years	[illegible]	[illegible]
2 Coupons	15 years	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]
4 Medium	5 years	[illegible]	[illegible]
5 Coupons	15 years	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]
7 High	5 years	[illegible]	[illegible]
8 Coupons	15 years	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]

	Thurs., July 5 Index	Thurs., July 5 Yield	Wed. July 4	Tues. July 3	Mon. July 2	Fri. June 29	Thurs. June 28	Wed. June 27	Tues. June 26	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	57.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	52.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	70.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	106.4	112.0	-0.1	3.15
Abbey Capital	37.0	39.0	-0.2	4.68
Abbey Income	43.8	46.6	-0.7	4.52
Abbey Inv. Tst. Fd.	37.1	39.5		5.55
Abbey Gen. Tst.	50.8	53.2	-1.1	4.53
Equitas Prog. Tst.	68.2	72.0	-1.0	4.70

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	98.2	103.3		12.22

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	73.5	78.4	-1.3	5.29
Brit. Inds. Fund	69.6	74.8	-1.4	5.43
Grth. & Inc.	40.5	43.5	-0.8	5.08
Elect. & Ind. Dev.	38.3	41.0	-0.7	4.54
Allied Capital	75.9	81.2	-1.5	4.70
Hambro Fund	116.1	124.2	-1.7	5.43
Hambro Acc. Fd.	136.0	145.5	-2.8	4.61
Income Funds				
High Yield Fd.	76.3	81.6	-0.4	8.00
High Income	71.0	76.0	-0.9	8.92
A. H. Eq. Inc.	42.3	45.3	-0.4	7.02
International Funds				
International	23.6	25.3	-0.1	3.17
Pacific Fund	35.4	37.9	+0.1	2.95
Secs. Of America	52.7	56.4	+0.1	2.23
Specialist Funds				
Smaller Co.'s Fd.	46.7	50.0		3.78
2nd Smlr. Co's Fd.	58.3	62.4	-0.1	3.93
Recovery Sits.	112.6	120.6	-3.3	5.46
Met. Min. & C'dty.	45.4	48.6	-0.5	5.35
Overseas Earnings	60.2	64.4	-1.3	4.50
Exempt Funds				
Far East Exempt	42.7	44.4	+0.1	3.16
Smaller Co. Exempt	73.9	77.6	+0.3	4.48
U.S.A. Exempt	92.9	96.6	+0.2	2.28

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	56.0	60.4		4.40

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	167.0	177.0		9.97

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	47.7	51.0	-1.0	4.80
Do. Accum.	64.0	68.4	-1.3	4.80

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital June 21	107.3	108.4		4.61
Gross Inc. June 21	78.1	80.3		9.71
High Yield June 21	89.8	93.9		8.95

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	103.8	110.4		2.70
Do. Acc.	127.4	135.5		2.70
G.T. Inc. Fd. Un.	173.9	185.0		8.90
G.T. U.S. & Gen.	124.6	132.5		3.10
G.T. Japan & Gen.	77.4	81.9		2.98
G.T. Pens. Ex. Fd.	210.9	221.4		2.90
G.T. Int'l. Fund	142.5	151.5		1.90
G.T. Four Yds. Fd.	55.7	59.2		7.90
G.T. Far East & Gen.	42.3	45.0		3.50

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	35.3	37.7	-0.7	5.12

Gartmore Fund Managers (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	23.0	24.7		1.04
British Tst. (Acc.)	61.8	66.5	-0.8	3.54
Commodity Share	27.9	30.0	-0.1	3.42
Extra Income Tst.	24.6	26.4	-0.1	9.49
Far East Trust	30.4	32.7	+0.3	0.14
High Income Tst.	61.8	66.5	-0.2	9.36
Income Fund	79.9	85.9	-0.2	7.14
Ins. Agencies	13.95	14.92	-0.18	4.20
Intl. Exempt Fd.	95.0	102.2	-1.8	6.66
Intl. Tst. (Acc.)	29.5	31.7		1.07

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	30.1	33.1	-0.3	9.60
Income	42.7	46.4	-0.3	9.00
Accumulation	75.6	82.2	-0.8	4.60
Growth	40.7	44.2	-0.8	4.90
Capital	45.3	49.2	-0.5	4.10

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

85 | 80 | 5pc Stock '77-82 | 84 | +½ | 5.93 | 11.19

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

High	Low	Stock	Price	+ or –	Int.	Red. Yield
103¾	98¼	FFI 13pc 1981	101¼	......	12.84	12.07
107	100	Do. 14pc '79	101	......	14.24	—
108¼	98¼	Do. 14pc '83	104¾	......	13.37	12.53
86½	77½	ICFC 5½pc Deb. '80-82	85	......	6.61	12.00
85	71½	Do. 6¼pcDb. '81-84	79½	+½	7.96	11.80
99	84½	Do. 10½pc Uns.Ln. '86	93xd	+1½	11.29	12.10
99	84½	Do. 11pc Uns.Ln. '88	92½xd	......	11.89	12.30
101½	84	Do. 11¾pc Uns.Ln. '90	94¾xd	+¾	12.40	12.70
72½	57	Do. 7¼pcADeb. '89-92	66½xd	+1	10.98	12.40
69	53½	Do. 7¼pcA Db. '91-94	65½	......	11.48	12.80
81½	64½	Do. 9pc 'A' '91-94	78½	+½	11.90	12.60
78½	62½	Do. 8⅞pcLn. '92-97	77	+½	12.14	12.50
101	95½	Do. 12½pc. Uns. Ln. 1992	100	+½	12.88	12.90

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 6% (based on $US2.2332 per £)
Conversion factor 0.9396 (0.9466)

CANADIANS

[illegible]

S.E. List Premium 6% (based on $2.6028 per £)

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								
16	13	Dawes (G. R.)	15					
£121	£70	Deutsche Bank DM50	£70	......	Q18%	—	3.3	—
90	63	F. C. Finance	70	......	2.2	4.9	4.5	6.5
8½	5¾	First Nat. 10p	6¾	......	—	—	—	0.5
4	2	Do. Wrrts. 75-83	2¼	–¼	—	—	—	—
16¼	13¼	Fraser Ans. 10p	13¼	–¼	—	—	—	—
266	178	Gerrard Natnl.	263	......	9.12	—	5.0	—
62	39	Gibbs (A.)	41	–2	2.2	—	7.7	—
270	217	Gillett Bros. £1	262	......	16.95	—	9.2	—
29	19	Goode D't Mry.5p	22½	......	0.25	—	1.6	—
153	116	Grindlays	121	–2	3.07	7.5	3.6	3.8
120	97	Guinness Peat	97	–1	H5.67	—	8.4	—
330	173	Hambros	308xd	–7	10.92	—	5.1	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INSURANCE—Continued

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Commercial Vehicles

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India and Bangladesh

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Sri Lanka

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[illegible]

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EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

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[illegible]

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[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
$17½	$10½	Buffels R1	$15¾	+¼	Q200c	φ	15.4
$15½	890c	East Drie R1	£13¾xd	+⅛	†Q115c	1.6	10.1
970c	350c	East Rand Prp. R1	970c	+70	†Q10c	—	1.2
$27½	$18¾	F.S. Geduld 50c	$27½	+⅜	†Q315c	2.4	13.9
$19⅝	$11⅛	Pres. Brand 50c	$18¾	+¼	†Q150c	3.2	9.7
$18⅝	$10¼	St. Helena R1	$17⅞	+¼	†Q190c	1.4	13.2
760c	407c	Stilfontein 50c	670c	+20	†Q66c	φ	11.9
$34⅜	$18¾	Vaal Reefs 50c	$33⅝	+⅞	Q280c	2.7	10.0
$50¼	$28¾	West Drie R1	$46¼xd	+1¼	Q615c	1.7	15.9
$35¾	$22¾	West Hldgs. 50c	$33⅝	+⅝	†Q415c	1.4	14.9
$16¾	$10⅜	Western Deep R2	$16½	+⅞	Q147½c	2.1	10.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★ Regional price.

[illegible] based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

" Recent Issues " and " Rights " Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are *not officially listed in London, are as quoted on the Irish exchange.*

Albany Inv. 20p	26	......	Sindall (Wm.)	148	......
Bertam	25	......	**IRISH**		
Bdg'wtr. Est. 50p	405	+5	Conv. 9% '80/82	£87⅜	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅝	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£84⅞	+⅜
Dyson (R. A.) A	26	......	Alliance Gas	62	......
Ellis & McHdy	68	......	Arnott	370	......
Fife Forge	54	......	Carroll (P.J.)	111	......
Finlay Pkg. 5p	20	......	Clondalkin	82	+2
Graig Ship. £1	310	......	Concrete Prods.	180	......
Higsons Brew	78	......	Helton (Hldgs.)	80	......
Holt (Jos) 25p	260	......	Ins. Corp.	217	......
I.O.M. Sm. £1	167	+7	Irish Ropes	87½	......
Pearce (C. H.)	240	......	Jacob	45	......
Peel Mills	30	......	T.M.G.	190	......
Sheff. Refrshmt.	90	......	Unidare	83	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lofs"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½	Charter Cons.	16
G.K.N.	28	Tesco	7	Cons. Gold	20
Hawker Sidd	26	Thorn	35	Rio T. Zinc	27
House of Fraser	18	Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Friday July 6 1979

ERUPTION OVER PIT CLOSURE PLAN

Miners leaders back strike

BY CHRISTIAN TYLER, LABOUR EDITOR

A MINERS' STRIKE in protest at pit closures looks inevitable unless the National Coal Board reverses its decision about the future of a South Wales colliery.

The big guns of the National Union of Mineworkers were turned on the board yesterday. Even Mr. Joe Gormley, the union's president, said that once action started in South Wales he could do nothing to stop its effecting other coalfields.

In a highly charged atmosphere on the last day of the union's conference in Jersey, miners' leaders made clear that they see the argument over the Deep Duffryn colliery as a test of the union's power to challenge closure of any pit where coal remains to be won.

The board must decide whether to give the 450 Deep Duffryn men the £1m needed to open a trial face, although it insists that the pit cannot be viable or face a strike.

Last night the Board said it stood by its formal decision that Deep Duffryn must close. However, it said that "the Board always takes careful note of its unions' point of view."

Sensing the mood of the conference, Mr. Gormley went on the attack. The question was not Deep Duffryn itself but whether the procedure for appealing against a closure decision meant anything.

"We cannot be wrong all the time," he said.

"I am appealing to the Coal Board to change their minds before it is too late, because there will be a hell of a period of discontent in the British coalfields if they don't."

There could be no doubt about the results of a strike ballot to be held in South Wales, probably next month.

Mr. Mick McGahey, Scottish area president, declared: "The Scottish miners will not be constitutionalised out of action. They will be out in support. I will not be holding them back, I will encourage them."

Deep Duffryn was not just a South Wales issue. It was the first opportunity for successful industrial action to restore miners' confidence in their union and its ability to win.

Mr. Arthur Scargill, Yorkshire area president, said the board had "picked the wrong pit, the wrong area and the wrong time." The union would not stand by while the industry was "butchered," and the Yorkshire miners would not be found wanting when the time came.

For South Wales, Mr. Emlyn Williams, area president, accused the board of being judge, jury and executioner. He reminded it that a recommendation of his area executive had never been overturned by a pithead ballot.

Further support was pledged by leaders of miners in Durham, Northumberland and North Wales. Yesterday's eruption, for which the delegates had been preparing all week, followed a much more general motion from South Wales, carried unanimously, demanding a target output of 200m tons of coal a year and a guaranteed market with the Central Electricity Generating Board.

Deep Duffryn is the only pit among several that have been recommended for closure by area boards to have been approved by the main board.

It is expected that closure policy generally, and Deep Duffryn in particular, will be discussed at the board's meeting today.

At Prime Minister's question time yesterday, Mrs. Thatcher again emphasised that the Government had no intention of getting directly involved in the miners' wage negotiations.

NCB borrowing limit up, Page 8

Midland Bank faces strikes

By Nick Garnett, Labour Staff

THE PAY dispute within the English clearing banks intensified yesterday when both unions in the Midland decided to hold a series of 24- and 32-hour strikes from Monday at five of the bank's main computer centres.

The action, which will disrupt cash transmission and delay statements, is designed to force an improvement in the common pay offer made to the five clearing banks' 200,000 staff. The strikes may have a cumulative effect, although Midland said it was too early to assess how serious this would be.

The Banking, Insurance and Finance Union is balloting about 8,000 members in High Street branches of all the banks to see if industrial action should be extended.

The decision to embark on strikes followed the collapse of conciliation talks for Midland clerical and computer staff. The bank slightly improved its offer to the two lowest grades of staff, lifting the element of new money from marginally more than 12 per cent to 12.5 per cent. This, it said, was its last offer.

The Association of Scientific, Technical and Managerial Staffs agreed to join the banking union in instructing its members at the five centres to start a series of strikes from Monday.

The centres affected are at Coopers Row and Gracechurch Street in the City of London, dealing with general clearing and international transactions respectively, the London computer centre at Brent, and centres at Bootle in Lancashire, and Pudsey, West Yorkshire.

Mr. Alan Scouller, Midland's assistant general manager for industrial relations, said the bank regretted the decision of the unions and their rejection of an offer of independent arbitration made by the bank. "It's a very serious situation," he said.

The banking union said last night that the unions had rejected the arbitration offer because of the "prejudicial" decision taken by Barclays last week to implement new salary scales based on their offer. This was in spite of the rejection of the proposals by both the banking union and the staff association at Barclays.

Mrs. Muriel Turner, ASTMS assistant general secretary, said the banks would have to improve the new money element to at least 15 per cent before the offer would be acceptable.

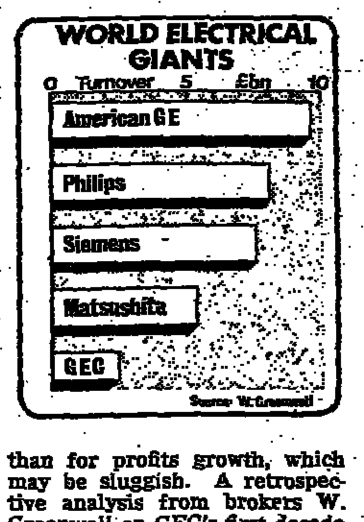
Apart from new money, the banks' proposals involve consolidation of productivity payments worth 1.5 per cent, improved London supplements worth another 1.5 per cent on the overall salary bill and two extra days holiday.

THE LEX COLUMN

GEC holds back but BP gushes

The Bank of England has once again staged a rescue act in the money markets in the form of a temporary release of special deposits. But this operation is designed to relieve the strain on the banks' reserve assets rather than to ease the pressure of the corset. More worrying, perhaps, is the Government's apparent attempt to prevent building society savers from getting the benefit of high interest rates, a move which makes it harder for the Bank of England to convince the markets that it will keep MLR where it is.

Index fell 6.2 to 467.7



GEC

While BP took the dividend bull by the horns yesterday, GEC could only manage a feeble statement ("appropriate standards in respect of yield and cover have not yet been established") and a rise of 55 per cent in the net payment which left the shares down 11p at 347p. A yield of 2.6 per cent is not going to please many shareholders though there is an implied promise to reconsider the miserly payout ratio next time. Cover is more than five times.

GEC's results, meantime, are broadly in line with expectations. They show signs of more difficult trading conditions in the second half—when pre-interest profits growth slipped from 15 to 7 per cent—but on the other hand investment income ballooned thanks to high interest rates and a writeback of gilt-edged losses. Pre-tax profits rose 19 per cent in the second half, and for the year as a whole have climbed one sixth to £378.4m.

Among the divisions, electronics clearly stands out with a profits jump of a third to just over £100m. The boom in electronics was reinforced here by a recovery in profits on telecommunications to the 1977 level. A jump of 25 per cent in the division's order book to £1.5bn firmly underpins the near term prospects. Elsewhere, the consumer division has staged a big advance from a very low base, with good figures from Hotpoint, and in furniture, and a much smaller TV loss.

For the rest the picture is much less bright. Power engineering has been affected by delivery delays and industrial disputes, and the industrial division has suffered from the downturn in diesels, while currency movements have held back the contribution from overseas in sterling terms.

The current year could be notable more for acquisitions than for profits growth, which may be sluggish. A retrospective analysis from brokers W. Greenwell on GEC's first decade since the English Electric merger points out that although highly successful in UK terms the group remains small by world standards. Its value added per employee is between a quarter and a half of that of its major rivals, which is an unimpressive showing, but at the same time can be viewed as a measure of future opportunity.

BP

BP has begun writing the prospectus for the new Government share offer. Although the company denies that it is responding to an official request, it is clear that yesterday's early dividend forecast will smooth the way for the issue. The Board has taken the opportunity of a special dividend statement—giving details of the belated payment of a dividend first promised just before the last prospectus two years ago — to indicate a total payment of at least 35p a share for 1979. The more than doubling of the dividend takes the yield at 1,255p to 6.3 per cent, well above the market average. Apparently *one factor that has influenced the Board is that this payment would have the effect of keeping growth in dividends and earnings roughly in line since 1970.*

Scottish & Newcastle

After a dreadful first half, in which it lost a good deal of market share, Scottish and Newcastle Breweries has managed something of a recovery, and morale is the better for it. All the same, its beer volume fell 1.3 per cent over the 12 months to March against an expanding overall market, and pre-tax profit was virtually unchanged at £35.7m.

The group believes it has ironed out the problems it had been having with unreliable beer quality and deliveries, and that its lager portfolio can stand up to the competition. But to achieve satisfactory growth again it has to regain free trade outlets outside Scotland and the North-East, which, given the strengthening position of the regional brewers, promises to be more difficult than it was with Tartan a decade ago.

S & N is clearly competing aggressively—the £9m jump in debtors to £56m suggests it is offering handsome terms to its trade customers—at the same time as its capital spending is high. It spent £40m last year, including £5m on new hotels, but this was nowhere near covered by cash flow, and borrowings are up by over £17m. The same could happen again in the current year, as a similar volume of spending is contemplated.

At 67½ the shares are 23 per cent above their low for this year, but the signs are that the company's recuperation will proceed quite slowly. There is a yield of nearly 9 per cent, but the dividend is only covered 1½ times by fully-taxed earnings.

Electronic Rentals

Electronic Rentals' 30 per cent increase in operating profits is rather watered down at the pre-tax level by the costs of rationalising the British Relay acquisition, which is also the subject of a £5m write-off below the line. Basic earnings per share are actually down a penny at 15.1p.

But there is a clear and healthy trend in UK television rental where the group now claims 12½ per cent of the market — in the current year there will be a further £3m of reorganisation costs but British Relay's profits will be in for the full 12 months. Overseas rentals are suffering from a squeeze on margins even before currency translation but are still ahead. The unhappy surprise is the camping and leisure side, where a small first half profit was turned into a loss of £0.4m on sales of £26m. This division was developed when the group was unhappy about the future of television rental; it may now have outlived its usefulness.

The share price, which has rather run away with itself since the acquisition, fell 10p to 188p yesterday. The yield is a comfortable enough 5½ per cent.

UK plea on shipbuilding aid

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT is to take an initiative to get an EEC scrap-and-build scheme for shipbuilding off the ground. At the same time it will ask the European Commission to streamline its procedure for vetting aid to British shipyards.

Mr. Adam Butler, the Industry Minister responsible for shipbuilding, plans to meet Mr. Raymond Vouel, the EEC's Competition Director, possibly next week.

Mr. Vouel's department is responsible for approving allocation of Britain's shipbuilding intervention fund, which is used to offer shipowners up to 30 per cent off the price of ships built in Britain.

Shipyard managers and union leaders have complained bitterly to Mr. Butler that delays in sanctioning the use of the fund are now running up to six months and that precious orders have been lost as a result.

The Competition Directorate's delaying tactics are ministers believe, mainly the result of the failure of the previous government to present a clear plan for reducing the industry's capacity and of a tapering programme of aid.

Mr. Butler will assure Mr. Vouel that such a plan will be available when the Minister makes his statement to the Commons on shipbuilding, probably in two week's time.

Mr. Butler is also keen to get an early EEC decision on the $195m scrap-and-build plan, dseigned to increase business in Community yards by 50 per cent in the next two years.

He is expected to propose that instead of a Community-funded scheme, the part of the plan under which shipowners are offered a premium to build one ton of ship in a community yard for every two scrapped, should be funded by national governmens. This would ensure that each country would pay for the benefit gained by its own shipyards.

The problem of funding the scheme has so far been a major uncertainty and a firm British commitment along these lines could go a long way to giving the plan the momentum it requires.

Lynton McLain writes: Austin and Pickersgill, the Sunderland shipbuilder, is expected to sign an order today for the sale of two general cargo ships worth £10m to Angola.

"The vessels were originally built for a Greek shipping company and are being re-sold to Angola i na straight cash transaction. No part of the deal, the yard says, has involved a Government subsidy.

Merchant Navy loses more trade Page 8
Feature Page 18

British machinery venture in Korea

By Richard Lambert

STONE-PLATT INDUSTRIES, *one of the* world's biggest textile machinery manufacturers, is to *establish a joint company in the* Republic of Korea.

The investment is thought to be the biggest of its kind undertaken *by a British company in* Korea.

The company, which will manufacture textile machinery, *is being set up on a 50/50 basis* by Platt Saco Lowell, the Stone-Platt *subsidiary*, which makes spinning machinery, and the SamWhan *Corporation of Korea*. SamWhan specialises in construction and *plant engineering*. It has annual sales of about *£150m*.

To encourage the local manufacture of *textile machinery*, the Korean government has ruled that at *least one-fifth of the* new spindles installed in the country *must* be locally made. It is backing a plan to double the size of the textile industry during the next five years.

Stone-Platt's textile machinery sales to Korea have been running at about £10m a year. It will supply the bulk of the joint *venture's* initial components, and about one-fifth of its *requirements* in the fifth year of trading.

The venture will be called SamWhan Platt Company, and will have an initial equity investment of about £4m. Its annual sales in five years' time are expected to be about £10m.

Details, Page 6

Feasibility study for new North Sea gas pipeline

BY SUE CAMERON

THE British Gas Corporation and Mobil are to study the *possibility of* building a new, 400-mile gas pipeline in the *North Sea. If the project goes* ahead it is likely to cost between *£1bn and £1.5bn.*

Mr. David Howell, Energy *Secretary, said in the Commons* yesterday that Mobil North Sea *was considering the building* of a pipeline to take gas from the Beryl Field, *where it is the* operator, to the UK.

Mr. Howell had asked Mobil to discuss with British Gas the possibility *of designing the line* to take gas from other North *Sea fields. The two groups had* agreed to a joint feasibility study.

The study, expected to cost *£500,000, will* look at gas-gathering on a line running from Block 211, *which includes* the Thistle, Murchison, *Stratford, Brent and Hutton* Fields, to Blocks 15 and 16, *which cover the Toni, Thelma* and Piper structures.

Mr. Howell, replying to a Parliamentary question from *Mr. John Hannan, MP* for Exeter, said that, at first sight, a new gas line seemed to be required. But the feasibility *study would also consider* whether the gas might be *accommodated in the existing* pipelines.

The study will *take several* months, but is expected to be finished before the end of the year. If a decision in favour of a new pipeline were taken early, the line might be built by about 1985.

The Beryl field is adjacent *to the existing pipeline between* the Frigg gas field and the terminal at St. Fergus, *Grampian*. But it is thought that gas from Beryl *and from many of the* other fields in the line running *south from block 211 to blocks* 15 and 16 would be incompat*ible with gas from Frigg.*

The other possibility would *be to link Beryl to the present* Brent gas pipeline. However, technical difficulties are expected in the Brent pipeline system to the point where it could take all the extra gas from Beryl and other fields.

Mr. Howell said the indications were that the new gas to be landed would be rich in *natural gas liquids*. The study would therefore "need to con*sider the requirements for addi*tional on-shore pipelines, gas *processing and harbour facili*ties to handle the NGL, which *would include at least suffi*cient ethane to meet the feed*stock requirements of an ethy*lene cracker."

Esso Chemicals proposes to build an ethylene cracker at *Mossmorran. The plan awaits* Government approval. But it is *thought that Mr. Howell may* have been referring to the pos*sibility of building a second* cracker, perhaps on the Cromarty Firth.

It is expected that if the new *gas pipeline does go ahead*, it will land gas at St. Fergus.

EEC Commission clears Australian uranium pact

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

THE EUROPEAN COMMISSION gave its formal approval yesterday, after a year's delay to the bilateral nuclear safeguards agreement *which* Britain has negotiated with Australia for *supply of uranium*. The UK expects to buy more than 1,000 *tonnes of the fuel a year in* the 1980s.

The Commission blocked the agreement a year ago because it *feared that its operation might* conflict with the provisions of *the Euratom Treaty covering* free movement of uranium in the Community and arrangements for its re-export to third countries.

It has now accepted assurances from the two Governments that no such problems will arise. In exchange it has insisted on the right to "review" the agreement in 1982 if it has been unable *by then to negotiate safe*guard arrangements with *Australia on behalf of the Com*munity as a whole.

The practical impact of the Commission's decision is less than expected a year ago, when the UK feared that the delay would cause it to lose its place in the queue for Australian nuclear fuel.

Since then Australia has announced that uranium con*tracts may be negotiated* with intended customers even where *there is no safeguards* agreement, though such an agree*ment must be reached before* deliveries are made.

The tacit assumption among all parties is that the Commission will have reached a safeguards agreement with Australia before the first Australian *uranium reaches the UK, in 1981* at the earliest.

The EEC must first overcome internal political obstacles which have prevented it from entering negotiations.

But it remains to be seen how willing Australia would be in practice to supply fuel to Britain if no arrangement had been concluded with the EEC by then, because her bilateral agreement with Britain does not cover the sensitive issue of re-transfers of uranium to other parts of the Community.

An annexe drafted by Britain and Australia at the Commission's request specifically states *that the Australian Government* shall have no say in re-transfers inside the Community and that authority over exports of its uranium outside the EEC lies with Euratom.

The Commission is still seeking the necessary mandate to enter negotiations with Australia on a comprehensive safeguards agreement, but its request has been blocked in the Council of Ministers for more *than a year by France.*

French objections appear *based less on hostility to the* proposed agreement than on *broader reservations about* division of legal responsibility *between the Community* and national Governments in the field of *civil nuclear policy*.

Continued from Page 1

Skytrain

with other airlines, which had been trying to "kill off" his airline.

The lifting of restrictions enables Laker to offer two new fares. The new Skytrain Excursion return service has to be booked 21 days in advance with a minimum stay of seven days. There will also be a Skytrain Reservaseat service which allows tickets to be bought for *a guaranteed seat on a flight* of the passenger's choice at any *time* for single or round trips.

The Gatwick to New York single fare will be £162 and the fare to Los Angeles will cost £249 single.

The standard Skytrain service will still be available, at £70 single from Gatwick to New York and £94 from Gatwick to Los Angeles.

The new Excursion ticket will cost £204 *return to New York* compared with British Airways fare of £223.50. *The ticket will* cost £262 return to Los Angeles compared with the current British Airways fare (including meals) *of £293.50.*

Continued from Page 1

Iran

venture companies set up with the two biggest industrial *houses, the Beshahr* and Sabet groups. Among the 21 joint *ventures set up by the Sabet* group are Hoechst, Toshiba, and *Nippon Electrical. Du Pont, with* its large polyacryl plant at Isfahan, *is a partner with* Beshahr in one of its 47 affiliated and joint *venture com*panies.

Iran National, which had sales of U.S. $700m last year based on the *Peykan saloon*, the General Motors luxury car assembly *plant and* SAIPA, in which Renault had a stake, have all been taken over. The Peykan is made under Licence from Chrysler UK, now part of the Peugeot-Citroën group.

The sale of *knockdown kits* to Iran National earned Britain some £140m last year, its largest single export item but the supply contract is unlikely to be disturbed by the nationalisation of the company, formerly owned by Mr. Ahmad Khayyami.

BL's bus and truck assembly line are the main British interests in the industry. The rest of the industry, including most of the components manufacturers, have also been nationalised. The exception is *the Mercedes Benz* truck plant at Tabriz.

Other surprising omissions from the list were the Arj companies, manufacturing a range of consumer durables, and the *industrial* interests of the former newspaper magnate Mr. Massoud Mesbahzadeh.

Weather

UK TODAY

MAINLY dry. Sunshine in most places.

London, S. and E. England, Midlands, Channel Is.
Dry, Hazy sunshine. Max. 25C (77F).

Wales, N.W. England, Isle of Man, S.W. Scotland, Glasgow, N. Ireland
Dry, rather cloudy. Some sunshine in E. Max. 17C (63F).

Rest of England, Borders, Edinburgh, Dundee, Aberdeen
Dry, with bright or sunny periods. Max. 23C (72F).

Rest of Scotland
Cloudy. Light rain in some N. and W. areas. Max. 15C (59F).

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Locarno	S	22	72
Algiers	S	26	79	London	S	25	77
Amsdm.	S	19	66	Luxmbg.	S	19	66
Athens	S	33	91	Luxor	S	40	104
Bahrain	S	36	97	Madrid	S	37	99
Barcine.	F	24	75	Majorca	F	25	77
Beirut	S	29	84	Malaga	S	27	81
Belfast	F	20	68	Malta	S	26	79
Belgrd.	C	17	63	M'chstr	F	22	72
Berlin	C	17	63	Melbne.	C	13	55
Biarritz	S	22	72	Milan	S	26	79
Bmghm.	S	22	72	Montrl.	C	25	77
Blackpl.	S	19	66	Moscow	R	14	57
Bordx.	S	27	81	Munich	S	17	63
Boulgn.	S	17	63	Nairobi	C	20	68
Bristol	S	22	72	Naples	S	27	81
Budpst.	C	18	64	Nwcstl.	C	19	66
Cairo	S	32	90	N. York	S	24	75
Cardiff	S	19	66	Nice	S	24	75
Cas'b'ca	S	24	75	Nicosia	S	33	91
Cape T.	S	16	61	Oporto	S	22	72
Chicago	S	22	72	Oslo	S	20	68
Cologne	S	20	68	Paris	S	22	72
Cpnhgn.	S	21	70	Perth	S	20	68
Corfu	S	29	84	Prague	S	14	57
Dublin	C	17	63	Reykjvk.	R	9	48
Dbrvnk.	S	25	77	Rhodes	S	28	82
Edinbgh.	C	19	66	Rio J'o	S	25	77
Faro	S	26	79	Rome	S	26	79
Florence	S	26	79	Salzbrg.	C	17	63
Frankft.	S	20	68	Sngapr.	S	29	84
Funchal	C	19	66	Stckhm.	F	19	66
Geneva	S	23	73	Strasbg.	S	21	70
Gibrltr.	S	26	79	Sydney	S	14	57
Glasgow	C	19	66	Tehran	S	35	95
G'rnsey	S	18	64	Tel Aviv	S	27	81
Helsinki	R	16	61	Tenerife	S	21	70
H. Kong	S	31	88	Tokyo	S	25	77
Innsbrk.	C	16	61	Toronto	C	14	57
Invrnss.	C	16	61	Tunis	S	30	86
I.o.Man	F	18	64	Valencia	F	27	81
Istanbul	F	25	77	Venice	S	27	81
Jersey	S	20	68	Vienna	C	18	64
Jo'burg	S	20	68	Warsaw	F	17	63
L. Plms.	S	24	75	Zurich	S	19	66
Lisbon	S	28	82				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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